

# **The Open Door Era: United States Foreign Policy in the Twentieth Century**

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## Introduction

### Defining the Open Door Era

It is rare that two short words stimulate such great debate. Yet the concept of the “Open Door” has played a vital and contentious part in US foreign affairs for more than a century. Originating with the Open Door Notes issued by Secretary of State John Hay in 1899 as part of the United States’ efforts to open the China market to American business, the term expressed a widely-held aspiration to access overseas markets for trade and investment and promote a stable international system of commerce. John Hay and other Open Door advocates believed this would serve more than commercial interests alone, claiming equal access to markets would result in a less competitive world order, divested of colonial competition. As such, the Open Door seemed to offer a model for settling international rivalries peacefully. As the United States expanded its influence overseas in the first decades of the century, the Open Door increasingly shaped US policy in Latin America and Europe as well as Asia. By the interwar years, it had come to occupy a crucial place in American statecraft, running alongside, and sometimes against, the other central operating concept of US foreign policy, the Monroe Doctrine. Although widely challenged by anti-interventionists of all stripes in the 1930s, the Open Door achieved a degree of pre-eminence during the Second World War, feeding into foreign policy documents such as the Atlantic Charter and the Declaration of the United Nations, both of which captured American hopes for the reordering of the world system at their most extensive and optimistic.

The best-known scholarly study of the Open Door is William Appleman Williams's classic work of historical revisionism, *The Tragedy of American Diplomacy*, first published in 1959, but still a staple on reading lists today. Williams argued that the United States had

demonstrated expansionist tendencies since its creation, but that the Open Door emerged as a new strategy to promote these ends after the continental frontier closed in the late nineteenth century, so bringing to an end an older model of dispossession and territorial incorporation. In the wake of the economic and cultural crisis of the 1890s, the Open Door's particular appeal lay in the way it resolved key contradictions in US political culture about the nation's appropriate place in the world. Critically, Williams argued, the Open Door provided a framework for a series of anti-colonial but still essentially imperialistic policies through which the United States was able to pursue economic and political dominance without worrying about formal control over foreign territories or state institutions. As such, it satisfied expansionists among America's political and corporate elite who wanted to use American power to generate new opportunities for private profit, while pacifying anti-imperialists who stubbornly opposed colonialism. Often discounted "as a futile and naïve gesture in a world of harsh reality," Williams wrote, "the Open Door Policy was in fact a brilliant strategic stroke which led to the gradual extension of American economic and political power throughout the world."<sup>1</sup> It owed its origins to hard-headed geopolitical calculation, although over time it was augmented and expanded to include assumptions of racial and civilizational superiority and idealistic visions of global order.

This book offers an expanded account of the Open Door along three lines of analysis: as an idea, a policy, and as the subject of historical debate. In this introduction, we explore these distinctive ways of looking at the Open Door, and highlight their interaction. Only by understanding the way in which the most general and long-standing aspects of the Open Door idea came to be implemented in specific and distinctive policy contexts (in part due to the impact of often contentious debates over history and politics) can one fully appreciate

the continuities and changes that underpin what we have called the Open Door Era (1893-1991).

The first and most expansive element, the Open Door idea, expressed the hopes of many Americans for a world characterized by openness, national sovereignty, and commercial opportunity. It particularly emphasized the goal of equal access for all nations to networks of commerce and trade. Unlike the purer and perhaps more utopian free trade idea, the Open Door did not begin with any expectation of eliminating national protective tariffs, not least because that would have required the United States to open its own market. Rather, the Open Door idea called for equal access to markets and, at times, equal access to the commercial opportunities in such markets. In the 1930s, the Open Door idea was reformulated by free traders in Franklin Roosevelt's administration to place greater emphasis on lower tariffs, and later in the century the distinction between the Open Door tradition and the principle of free trade eroded further. But before free trade became politically popular, the desire to access foreign markets was entirely compatible with demands that the US domestic market remain closed. Many economists presumed this imbalance of trade, entirely in America's favour, would generate surpluses that could mitigate the social inequalities and tensions generated by the industrialization of society.<sup>2</sup>

Open Door advocates did not expect foreign protectionism to be eliminated, at least not immediately. Rather, they opposed the kinds of closed economic systems most commonly associated with colonialism or autarkic national economies that denied trade access altogether; they equally opposed bilateral treaties and agreements that offered unequal advantages to one group over another. John Hay's original idea, developed in the fear that the European powers would carve up, and close up, China as they had Africa in the late nineteenth century, called for the establishment of equal tariffs for all traders in China.

But Hay did not seek the end of tariffs altogether, and he defended the sovereignty of the Chinese state when commercial access appeared under threat. He did not even stand against the informal primacy exercised by European powers and Japan in specific regions within China at the time. As long as American commercial rights were respected within these areas, Hay made no protests. Rather, he argued that this model of equal access and recognition of imperial interests in China would allow for an expansion of trade in crucial markets and raw materials, and that all nations would benefit from expanded trade and equal access to ports. Meanwhile, guarantees of equal commercial treatment would dissuade world powers from territorial aggrandizement. If nations could meet their economic needs without establishing exclusive areas of control, the world would not need war. In taking this approach, the secretary of state attempted to align longstanding anti-imperialistic and anti-militaristic sentiments with a balance of power politics that facilitated collaboration with empires.

Convincing the world's great powers of the benefits of the Open Door rather than building exclusive imperial blocs became an important goal of American diplomacy in the twentieth century. Political leaders such as Theodore Roosevelt, Woodrow Wilson, and Franklin Delano Roosevelt invoked the Open Door idea to promote commercial equality and global security. Although this reveals a striking consistency in Americans' commitment to equal access and global order, the practical application of these principles was often fraught, and altered in important ways as US interests and capacities shifted. There was, in short, a complex interaction between the Open Door idea and the varied and evolving policies developed for enforcing commercial access and global order in practice. Pulitzer Prize-winning historian Tyler Dennett said of the Open Door policy that it, "like babies, began small and grew bigger from year to year."<sup>3</sup> Distinctive versions of the Open Door can

be observed in early twentieth-century “dollar diplomacy” in Latin America, Woodrow Wilson’s efforts to reorder Europe after the First World War, Republican commercial expansionism in the 1920s, and in New Deal and Fair Deal globalism during and immediately after the Second World War. Even after the term itself fell out of favour in the 1960s and 1970s, historical debate, memories, and myths of the Open Door continued to influence the direction of American foreign policy, forming a tradition that shaped the responses of successive governments to the challenges of globalization in the late twentieth and early twenty-first centuries. Much can be learned from examining the gestation of the Open Door policy in its early years. In this study, therefore, we seek to highlight the ways in which the Open Door policy “grew bigger from year to year,” how it changed under the specific pressures of events and personalities.

Many of the changes to the Open Door stemmed from challenge, failure, and crisis, since the transformation of the idea into policy proved to be harder than anticipated. Even Hay, the progenitor of the idea, found implementation difficult. The primary problem most administrations faced was of enforcement. The Open Door vision stated that equality of opportunity provided an alternative to the use of force, or the establishment of fixed and exclusive alliances and zones of exclusion. But if a foreign power attempted to break the terms of the Open Door, seal off a foreign market, or grab territory for its exclusive use, the Open Door idea provided no clear means of stopping it. There was also significant political disagreement over exactly where the Open Door idea should be promoted. The policy originated in China and, throughout its history, US relations with Asia remained a major focus. However, since the Open Door symbolized a highly generalized belief in the universal value of openness, it lacked the regional specificity of the Monroe Doctrine, and advocates often disagreed over strategic priorities. As the diplomat and intellectual, George F. Kennan,

a vocal critic of the Open Door policy in the 1950s, warned, the Open Door could easily become a commitment without limits.

The Open Door policy generated great instability in the countries upon which it was imposed. These countries were often unprepared for the impact of foreign commercial exploitation. As such, such policies often faced resistance that was not anticipated in the optimistic predictions of mutual advantage, or produced unintended consequences that destabilized international politics, or even the United States itself.

Successive presidential administrations grappled with these problems of enforcement, scope and resistance. In 1899, the Open Door policy meant petitioning the European empires to gain access to China's treaty ports, an approach which ground down due to the chaos caused by the Boxer Rebellion, when Chinese masses rose up against foreign exploitation. In the aftermath of the Boxers' defeat, the United States invested more heavily in supporting the administrative state led by the Qing Dynasty, hoping that they would serve as effective partners in the search for opportunity. This, too, fell short of expectations. Meanwhile, the outbreak of the Russo-Japanese War in 1904 starkly revealed the limits of a policy based on mutual respect and imperial goodwill, especially given the United States had neither the desire nor the military capacity to enforce its aims at that time.

Subsequent administrations attempted to produce variations of Hay's original policy that would better meet the challenges of international relations. Theodore Roosevelt, with some help from Hay, arbitrated the Russo-Japanese War in order to maintain the Open Door in the Far East, the first act of diplomatic intervention aimed at keeping the idea afloat. Roosevelt also added a new dimension to Open Door principles by expanding into Latin America. Although the so-called "Roosevelt Corollary" formally represented a modification

to the Monroe Doctrine, the Corollary aimed to keep markets open to all foreign traders, including the Europeans, while ensuring stability in the region by force. The policy proved a success, inasmuch as the region settled and foreign markets remained open and accessible. However, it, too, generated tensions and anger in the American republics, while a more militaristic approach to enforcement left a problematic legacy for later administrations.

Presidents William McKinley and Theodore Roosevelt did not employ the good offices of the State Department to directly aid Americans trading in the Far East or Latin America. Instead, traders took substantial risks to reap the rewards of the China market. President William Howard Taft, however, changed tack. Believing that he could leverage private investment to more assertively enforce the Open Door, Taft encouraged the State Department to assist American investment in high-risk markets. This approach, typically known as “dollar diplomacy”, led to a series of military interventions in Latin America and a number of business debacles in China. It also established a precedent. Successive administrations would effectively underwrite private-sector commercial expansion around the world by guaranteeing the security of investments from instability generated either by local governments or foreign rivals.

By the second decade of the twentieth century, the principle of imperial cooperation at the heart of the original Open Door policy lay in tatters, as the United States found itself mediating among warring empires in Europe, and thereafter laying out a path for the post-war era that, it was hoped, would provide a more solid foundation for peace. Although the great conflagration could have produced a general crisis for the Open Door, President Woodrow Wilson’s foreign policy offered a substantial renovation and extension of the original idea, based on the president’s deeply-held belief that it was no longer possible for any nation to be truly isolated. Under Wilson’s model, enshrined in the Fourteen Points, and

apparent in the post-war League of Nations, the Open Door idea fed into an institutional framework for the peaceful resolution of differences and the promotion of equalized trading opportunities. This, too, founded in time on questions of enforcement. Although the great debate in the US Senate over the ratification of the Treaty of Versailles ended Wilson's quest for a League of Nations, the Open Door idea persisted. In the 1920s, the Republican administrations of Warren G. Harding, Calvin Coolidge, and Herbert Hoover sought to coordinate private financial support for European reconstruction and used diplomatic influence to promote commercial opportunities for America's biggest exporters.

The Open Door began with a strong focus on Asia, but it became a policy with a much broader application in successive decades. The commitment to equal commercial treatment was formalized in an increasingly standardized approach to trade deals on the basis of universal most-favoured nation status, under which all goods entering a nation would be treated according to the same customs rates. The search for an Open Door through diplomacy and commercial activity alone, however, fell apart during the Great Depression, especially after the United States raised its own tariffs to unprecedented levels, which led to a series of protective measures elsewhere that saw the entrenchment of a series of closed, exclusive zones of trade and politics.

Responding to the failure of the older versions of the Open Door policy, Democratic leaders in the 1930s sought to move toward a more consistent vision of free trade in which increased access to the US market would be exchanged for lower tariffs and trade protection. But the most significant change in Open Door policy came with the US entry into the Second World War, when the United States was forced to recognize that its economic policies could not be separated from political, or even military, obligations.

Arguably, the idea of the Open Door reached an apotheosis during these years, when it became a matter of widespread consensus that the United States was now “in” the world, and that enforcing the Open Door was the only way to ensure that global conflict did not recur. The United States set about building a new set of global institutions to actively promote an Open Door world. After the war, these values persisted, but quickly things changed as the alliance between the United States, Britain, and the Soviet Union fragmented. As Cold War hostilities intensified, communist markets were closed to the United States in Eastern Europe and China. The US government put the Open Door idea on hold and the United States instead refocused its efforts on building up a global network of allies to resist communism. Despite this, Open Door values continued to cast a shadow over Cold War containment policy and in the last quarter of the century they returned to the forefront of American policymaking as patterns of globalization resumed. The United States sought new opportunities to use the increasingly interdependent financial world to open up markets and spread American values. By the end of the century, the Open Door idea had emerged triumphant.

A combination of Open Door ideas and policies has resulted in something that might be described as an Open Door Era in American foreign policy, the influence of which arguably persists to this day. Given its significance for American foreign relations, it is unsurprising that the Open Door has received a great deal of scholarly attention over the years. Tyler Dennett’s work on the subject, the first serious historical analysis written in the 1920s and 1930s, presented the policy as a revolutionary new path for American diplomacy, and a triumph worthy of John Hay’s political genius. However, the vast bulk of historical attention has been critical, coming from scholars on the Left of the political spectrum who believed that the Open Door policy failed to live up to its idealistic rhetoric, encouraged

risky political misadventures, and generated a dangerous mythology that was often mobilized for purposes of self-interest and ambition. The contrast between the sincerely anti-imperialist sentiment that underpinned Open Door idealism, and the heavy-handed, imperialistic, and sometimes utterly counterproductive methods through which US commercial interests were promoted, was, for historian William Appleman Williams, nothing less than a tragedy. Particularly dangerous, he felt, was the “firm conviction, even dogmatic belief” routinely expressed by Open Door thinkers that “America’s *domestic* well-being depends upon such sustained, ever-increasing overseas economic expansion.” This assumption represented “a convergence of economic practice with intellectual analysis and emotional involvement” which resulted in “a very powerful and dangerous propensity to define the essentials of American welfare in terms of activities outside the United States.”<sup>4</sup> By externalizing the nation’s problems and attributing them to threats abroad and foreign promises unfulfilled, the Open Door ideology blinded Americans to the risks of local resistance or over-commitment, and ultimately created space for a corrupting imperialistic sentiment in American life. This, he argued, was how the United States ended up with deadlock in Eastern Europe, the quagmire of Vietnam, and the near-apocalypse of Cuba. Understanding the history of the Open Door could help the United States avoid similar problems in the future.

While most historiographical attention tends to be focused on Williams’s work, the Open Door remains a perennial subject of interest among historians of American foreign relations. In the 1920s and 1930s historians emphasized the Open Door’s originality, declaring it a watershed in foreign policy history. Even its harshest critics, such as Samuel Flagg Bemis, who condemned the amount of attention paid to China by the State Department and believed the Open Door served few American interests, concluded the

policy marked a new era in United States history. The landmark work of A. Whitney Griswold on the Far East called the Open Door a failure, but he, too, saw it as pivotal, and distinguishing the United States' "foray into world politics." Or as historian Warren Zimmerman remarked, "Open Doors are for those who are not already inside," and after 1899 the United States certainly introduced itself into the global tangle.<sup>5</sup>

The Open Door's most powerful critic in the 1930s, Charles Beard, disputed its value for the United States. Nevertheless, by the time Cold War diplomat George Kennan published his seminal book, *American Diplomacy*, in 1951, the Open Door was remembered for its central role in the balance of power struggle that had accompanied America's rise to global influence. Although deeply critical of Hay and his extensive, often unenforceable commitments, Kennan admitted that the Open Door put world powers on notice and marked the moment the United States gained a stake in Far Eastern affairs.

The "Wisconsin School" of academics who studied with William Appleman Williams developed a divergent school of thought that emphasized the primacy of commercial interests and the continuity of the Open Door in the history of American foreign policy. Like Tyler Dennett, who also argued that the Open Door idea stretched back to the US foreign policy before the Civil War, Williams and the Wisconsin School asserted that the policy continued a system of "anti-colonial imperialism" or "informal empire" that was the mainstay, rather than the exception. Thomas McCormick followed the trail of businessmen who played a part in mythicizing the riches of China and Walter LaFeber showed the nineteenth century intellectual foundations of the United States' commercial empire. Critics of the Wisconsin School called them "scholars possessed by dogma," that erected a grand design for an American empire against the backdrop of the Vietnam War. Some detractors said this context led them to imagine a trend of American imperialism and to oversimplify

the nature of commercial behaviour, but scholars cannot deny the impact the Wisconsin School has made on foreign policy historiography.<sup>6</sup>

Since the 1970s, the emphasis on economics has faced scrutiny from those who prefer to emphasize US interest in balance of power politics, but the Wisconsin School also encountered criticism from “completely alternative explanatory constructs.” Historian Marilyn Young described the economic arguments as “attractive,” but ultimately incomplete and in need of “the religious, political, national, and racist rhetoric” that contributed to the culture of American imperialism. Only these elements, Young believed, could round out the argument. The new social history movement had the effect of including missionaries as agents of empire, racial conceptions of foreigners as factors in policy-making, and domestic “visions” of American greatness as an important factor. More recently, the lens has grown considerably wider. The Open Door idea now represents more than American ambitions for commerce and global status. It embodies transnational ideologies, gender and class mores, and the psychological impulses of the nation.<sup>7</sup>

By tracing the impulses of American foreign policy to internal processes, by stressing the role of economic interests, and by analysing the wider context, scholars from the 1920s to the present shared the belief that the exploration of America’s foreign policy history was a vital part of reshaping its policy for the present and the future.<sup>8</sup> By situating key historians and thinkers who engaged with the Open Door in their times, we hope to show how events shaped their thinking, and how their thinking in turn contributed to shifts in American foreign policy: how, for instance, George Kennan’s frustration with the increasingly intolerant and expansive commitments of containment policy in the 1950s conditioned his account of the Open Door tradition; or how, a decade later, historical revisionism contributed to the wholesale decline of Open Door rhetoric in US diplomatic circles and a

broader discrediting of liberal expansionism. For this reason, our chronological account in the following chapters of the evolution of the Open Door as idea and policy is interspersed with parallel historiographical discussions running through the book.

For decades, the Open Door was an idea that lay at the heart of American thinking about its relationship with the world, a set of policies that evolved over many years to promote a global system of free markets in which the United States occupied a dominant position, and a subject of historical scholarship that has fuelled a century of discussion and analysis. These two short words have generated great debate, as well as no small confusion. Our hope is that this volume will demonstrate why it is worth giving the Open Door debate attention.

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<sup>1</sup> William Appleman Williams, *The Tragedy of American Diplomacy* (New York: Delta, 1972), 45-6.

<sup>2</sup> Marc-William Palen, 'The Imperialism of Economic Nationalism', *Diplomatic History* 39 (January 2015): 157-185.

<sup>3</sup> Tyler Dennett, "The Open Door Policy as Intervention", *The Annals of the American Academy of Political and Social Science* 168, no. 1 (July 1933): 78.

<sup>4</sup> Williams, *Tragedy of American Diplomacy*, 15.

<sup>5</sup> Warren Zimmermann, *First Great Triumph: How Five Americans Made Their Country a World Power* (New York: Farrar, Straus and Giroux, 2002), 447.

<sup>6</sup> Tyler Dennett, *Americans in Eastern Asia: A Critical Study of United States' Policy in the Far East in the Nineteenth Century* (New York: The Macmillan Company, 1922), 634-44; Williams, *Tragedy of American Diplomacy*; Thomas McCormick, 'Insular Imperialism and the Open Door: The China Market and the Spanish-American War', *Pacific Historical Review* 32, no. 2 (1 May 1963): 155-69; LaFeber, *The New Empire*; LaFeber, *The American Search for Opportunity*.

<sup>7</sup> Marilyn B. Young, "American Expansion, 1870-1900: The Far East," in *Towards a New Past: Dissenting Essays in American History*, ed. Barton J Bernstein (New York: Pantheon Books, 1968), 177; Rosenberg, *Spreading the American Dream*; Ian R. Tyrrell, *Reforming the World: The Creation of America's Moral Empire* (Princeton, New Jersey: Princeton University Press, 2010); Kristin L. Hoganson, *Fighting for American Manhood: How Gender Politics Provoked the Spanish-American and Philippine-American War* (New Haven: Yale University Press, 1998); Frank A Ninkovich, *The United States and Imperialism* (Walden, Massachusetts: Blackwell Publishers, 2001); Amy Kaplan, *The Anarchy of Empire in the Making of U.S. Culture* (Cambridge, Massachusetts: Harvard University Press, 2002); Elizabeth Cobbs Hoffman, *American Umpire* (Cambridge: Harvard University Press, 2013). For historiographical reviews of the Open Door see, Joseph A Fry, "From Open Door to World Systems: Economic Interpretations of Late Nineteenth-Century American Foreign Relations," *Pacific Historical Review* 65, no. 2 (May 1996): 277-303; Christopher Capozzola, 'Review Essay: "Empire as a Way of Life: Gender, Culture, and Power in New Histories of U.S. Imperialism,"' *The Journal of the Gilded Age and Progressive Era* 1, no. 4 (October 2002): 364-74; Eileen P. Scully, "Taking the Low Road to Sino-American Relations: Open Door Expansionists and the Two China Markets," *The Journal of American History* 82, no. 1 (June 1995): 62-83.

<sup>8</sup> Thomas C. Kennedy, *Charles A. Beard and American Foreign Policy* (Gainesville: University of Florida Press, 1975); Bradford Perkins, 'The Tragedy of American Diplomacy: Twenty-Five Years after', *Reviews in American*

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*History*, 12, no. 1 (1984), 1-18; Paul M. Buhle and Edward Rice-Maximin, *William Appleman Williams: The Tragedy of Empire* (New York: Routledge, 1995); David S. Brown, *Beyond the Frontier: The Midwestern Voice in American Historical Writing* (Chicago: University of Chicago Press, 2009); John Lewis Gaddis, *George F. Kennan: An American Life* (New York: Norton, 2011); James G. Morgan, *Into New Territory: American Historians and the Concept of US Imperialism* (Madison: University of Wisconsin Press, 2014).

## I

**The Open Door Idea, 1893-1904**

President William McKinley appointed John Milton Hay secretary of state in 1898, the third man tapped for the position in less than two years. Intellectually sharp, and among the best connected men of his generation, Hay proved the most adept of McKinley's secretaries of state. He brought assorted life experiences to the practice of diplomacy, having served as Abraham Lincoln's personal secretary, Benjamin Harrison's assistant secretary of state, led embassies in Spain, Austria, and Great Britain, edited the Republican-friendly *New York Tribune*, and won critical acclaim as an author of fiction and biography. Over the course of his eclectic career Hay came to imagine the twentieth century as "a new order of the ages," and the United States as a nation that would lead other world powers "in accord with public morals" in pursuit of "peace rather than hostility." Occupied with this millennial end, Secretary Hay pursued a foreign policy that emphasized dialogue and diplomatic engagement. Early examples of his statecraft included supervision of the "great rapprochement" with Britain, the Samoan settlement with Germany, and a commercial reciprocity agreement with France. Notwithstanding these substantial achievements, though, Hay's quest for a "new order" culminated with the Open Door policy.<sup>1</sup>

On 6 September 1899, Hay instructed the United States ambassadors in Great Britain, France, Germany, and Russia to informally propose a scheme of mutual respect to "remove any cause of irritation" among foreign nations with vested interests in China. During the nineteenth century, the lure of trade in the Far East had prompted numerous foreign powers into making multiple interventions in the region. The first conflicts, sparked by Chinese restrictions on the opium trade, confirmed the Qing dynasty's decline and

inability to repel the European powers. The Opium Wars (1839-42 and 1856-60) forced China to open its ports and accept trade with foreign merchants. The wars also led to the colonization of a series of coastal entrepôts. By the end of the century, ten foreign nations opened diplomatic legations in Beijing and acquired exclusive rights to trade within distinct spheres of influence.<sup>2</sup> China's Qing dynasty remained notionally sovereign, but in each given sphere a foreign imperial power had considerable authority over economic and cultural matters. With multiple foreign powers competing for a greater share of commercial activity, the scramble for China led to intense imperial rivalries that threatened the delicate balance of power.

The United States played a peripheral role in East Asian affairs until the end of the 1890s when rapid trade growth and the War of 1898 (better known as the Spanish-American War) led policymakers to give newfound consideration to the region. The United States held no sphere of influence in China, but after defeating Spain it acquired the Philippine Islands, Guam, and Hawaii. Like the European powers and Japan, the United States thus found itself with a sizable Pacific empire.

Responding to these new opportunities as well as the continuing inter-imperial tensions of the region, Hay began to push for a new international approach in China, one that would grant equal trading opportunities to all foreign states. The call had distinct benefits for the United States, which in 1899 had established regular trade in only one Chinese port. Foreign powers tended to trade exclusively within their spheres of influence and limited commercial access to their rivals. As competition for China's trade increased, Hay worried that imperial powers would simply partition the once-great Asian nation, cutting out American trade altogether. Hay believed that equal access to all ports would delay any such land-grab but still give foreign powers a chance to reap the benefits of trade

with China. Supported by diplomatic transparency and collective guarantees of equal commercial opportunities, Hay argued that a regulated China market could provide prosperity for all. This idea, referred to colloquially as the “Open Door,” had evident benefits for the United States. With greater access to Chinese markets came increased wealth, but more importantly, the Open Door gave the United States an occasion to lead the international community and take its place among the major world powers.

By March 1900 the foreign powers in China acceded to the Open Door, in principle at least. Implementation, however, proved trickier. Indeed, widespread defiance characterised the first years of the Open Door era. The Boxer rebellion showed how uncomfortable Chinese nationalists had grown with foreign meddling, and Russia’s occupation of Manchuria revealed the dangers posed by a foreign power determined to act outside the policy. As with the Monroe Doctrine, the Open Door was an informal agreement, not a treaty or international law, and this allowed foreign powers to test its durability. Nevertheless, the United States adhered to the policy in the face of repeated trials, and over time its underlying principles became an increasingly central component of the nation’s broader foreign policy vision.

### ***Advantages to All Parties***

The collapse of corporate trusts in 1893 sparked widespread economic anxiety in the United States, and triggered a financial panic. When the Pennsylvania and Reading Railroad Company announced its insolvency that year, Wall Street investors scrambled to cut their losses. Commodity prices plummeted, stock volatility reached record highs, business lending sharply decreased and capital liquidity dried up. Bank runs dominated the headlines, and rumours that depositors would receive only a portion of their savings created public

mayhem. The depression capped decades of overleveraged financing of trusts, unsustainable tariff rates, and a pattern of deflationary consumer prices. A run on gold intensified economic concerns and exposed the US treasury's vulnerability to market volatility. American businesses – industrial and agricultural alike – found themselves unable to sell goods at typical rates and began to lay off workers. National unemployment soared. At the peak of the crisis nearly one in five Americans could not find work.<sup>3</sup>

Economic fear infiltrated all aspects of American social and political life. As farm workers moved to the cities in search of work, urban areas became incubators of unemployment and poverty, where the supply of workers outstripped the demand for labour. Unemployment brought the issue of slumping wages to the forefront of national concern and amplified tense relations among warring classes, a matter best exemplified by the 1894 Pullman Strike. The strike began as an isolated action by workers at the Pullman railcar factory in Chicago, but grew into a national boycott, led by the American Railway Union, of all rail lines that used the Pullman car. The escalation slowed rail traffic across the country and drew the wrath of President Grover Cleveland, who used the Army to break the strike, resulting in thirty deaths and hundreds of arrests.

Labour strife inspired political reaction. Eugene V. Debs, the perennial socialist candidate for president, began his career as the instigator of the Pullman boycott. William Jennings Bryan, the champion of the populist movement and three-time Democratic candidate for president, called for monetary reform as a salve for the nation's economic woes. Republicans and President Cleveland's supporters in the Democratic Party strictly adhered to the gold standard, a monetary policy that relied solely on gold as the basis for currency valuation. Bryan's "free silver" crusade sought to include silver as an alternative standard for the dollar. With a glut of silver in western states, this would make dollars

more widely available and stimulate inflation to remedy stagnant prices and wages. Free silver would also diminish the real value of loans and savings, but Bryan campaigned for votes among wage earners and farmers, not creditors and investors. His nomination to the Democratic ticket in 1896 demonstrated how the era's politics reflected a broader social fragmentation into haves and have-nots.<sup>4</sup>

Economists and business leaders who supported the Republican Party urged Americans to look abroad for solutions to economic woes. They blamed the downturn on the overproduction of manufactured and agricultural goods, or shrinking domestic demand. For them, the export market presented an opportunity to sell the surplus, and China, with its population of 400 million – more than six times the United States – represented a vast and largely untapped nation of potential consumers. Merchants fixated on China as a mythical marketplace ripe for American commerce and few economists disputed the potential trade benefits. Even many unenthusiastic analysts believed “Eastern commerce” would “increase by leaps and bounds, provided it is not interrupted by war and by criminal aggression.” Yet, to see China as a panacea conjured a “delusion regarding what used to be called the ‘wealth of the Indies,’” economist Edward Atkinson objected. The image of China as a nation of captive consumers trapped merchants in a fantasy of exponential sales while entirely overlooking the poverty and low purchasing power of the Chinese. Even with continued growth, sceptical analysts believed it would take centuries for China to match Europe as the premier place for American trade.<sup>5</sup>

State Department consular officers encouraged merchants and trading companies to conduct business in the Far East, often exhibiting “the zeal of the missionary in promoting American trade.”<sup>6</sup> But unlike their European and Japanese competitors, the State Department refused to provide overt support to American traders, either by way of

subsidies or political intervention. Firms like the China Development Company and the American Trading Company lobbied Charles Denby, the US minister to China, to support their bids for Chinese railroad contracts, loans, and trading concessions, but the State Department simply told Denby to avoid favouring any single American business over another. This gave foreign traders an advantage, and they competed more aggressively for contracts. The Cleveland administration “refused to follow European methods of mixing business and politics” and kept out of the scramble for spheres of influence that, at times, led to disputes and wracked diplomatic relations among the major world powers. The McKinley administration pursued the same approach until 1898, choosing to concentrate on commercial trade rather than taking control of ports or directly interfering with China’s political system.<sup>7</sup>

During the 1890s the competition for trading concessions intensified and the often overlapping claims of Japan, Russia, and Germany raised concerns over the maintenance of peace and trade in the region. In 1894, Japan invaded the Korean peninsula, traditionally a client state of China, extending its interests across the Yellow Sea. The Japanese also annexed the island of Taiwan off the south-east coast. From the north, the Russian Empire pursued a long-held claim on Manchuria hastened by the construction of two major railroad lines through Siberia. The Russian Tsar eyed territory so close to the Japanese sphere of influence that most diplomats presumed a clash was imminent. Germany, a latecomer to the scramble, used the murder of two German missionaries as a pretext to occupy the port of Qingdao. The acquisition gradually led to the expansion of a German sphere that included the entire Shandong peninsula and inland concessions along the Yellow and Yangtze Rivers. The weak Chinese leadership, fearful of a full-scale war with foreign powers, could not resist the dismemberment of their country and, in failing to do so, they unintentionally

encouraged further encroachments. Britain, anxious to preserve its control in the south and inland, hence demanded new trading and territorial concessions to compete with Russia, Japan, and Germany in the north.<sup>8</sup> Where foreign powers won concessions they often imposed economic restrictions that tended toward autarky, closing portions of China's marketplace from rival trading nations. Railroad monopolies, exclusive mining contracts, tariff inequality, and harbour charges all gave nations with territorial concessions crucial commercial advantages.

Outside of trade, foreign powers also competed for cultural dominance, most obviously with missionaries seeking to "save souls." Missions contributed to prevailing notions of a racial hierarchy that elevated white western societies to the rank of "mature" civilizations and diminished some Asians to "heathens" in need of tutelage. Religious groups collaborated with their respective home governments to further colonial plans, working to "prepare the ground" by building foreign schools to educate younger generations in the virtues of Christianity, the triumphs of European history, and fluency in Western languages. Religious foreigners gradually earned power and influence in local government and even held a degree of sway in Beijing, where they often served as trusted translators. American support of missions in China stretched back to the 1830s and not only underwrote the export of western culture to the Far East, but reciprocally promoted China as a place of opportunity to audiences at home. In the United States, the trade with China stoked public curiosity in Asian culture and introduced the "Orient" to Americans by way of imported consumer goods.<sup>9</sup>

In short, commercial and cultural trade with China in the late nineteenth century refocused American attention eastward. Not until the War of 1898, however, did the United States reconsider its relationship with Asia. Although the war began in reaction to Spain's

inability to quell revolution in Cuba, the conflict quickly spread beyond the island after the United States pre-emptively attacked Spanish colonies in the Caribbean and the Pacific, taking Puerto Rico, Guam, and eviscerating the Spanish fleet in Manila Bay. The McKinley administration also annexed the Hawaiian Islands during the patriotic swell of war. The deluge of new colonies sparked public debate over the legal and ethical dimensions of governing foreign territories and peoples. The acquisition of the Philippines caused the greatest stir, amplifying public consciousness of the Far East. The United States purchased the Philippine archipelago for \$20 million after the war, a settlement that put Hong Kong within 700 miles of American territory. Self-proclaimed anti-imperialists demanded independence for Filipinos; however, even the majority of these anti-colonial activists did not dispute the advantages of expanding American commercial ties to Asia. The so-called “great debate” about acquiring and governing foreign territories led most Americans to accept that national interests stretched far beyond the North American continent, and that increasing influence in the world allowed the United States to compete with other foreign powers on a commercial basis.<sup>10</sup>

In addition to these circumstances, the British government strongly advocated a free trade policy in the Far East which had a direct impact on American foreign policy. The intellectual impulse for the Open Door – even the name – originated with British policymakers who sought to secure their own dominant position in China. In 1898, First Lord of the Treasury Arthur Balfour defined free trade as an open door that delivered “equality of opportunity” for all commercial traders in China’s leased ports. Balfour knew well that Britain’s merchant navy, the world’s largest fleet of commercial ships, would reap the rewards of freely-accessible trading ports, a fact that prompted the main political parties in the UK to agree “without the slightest difference of opinion ... in the abstract of the policy of

the open door.” Yet British parliamentarians differed on how the Open Door could be carried into effect, given that competitors seemed to be expanding “at such a rate that there will soon be no door to open.” The challenge of proliferating rivals prompted Colonies Secretary Joseph Chamberlain to recommend an Anglo-American alliance, and after the American victory with Spain, Prime Minister Salisbury sounded out President McKinley. Remaining true to his inaugural promise to avoid entangling alliances, McKinley politely rejected the British proposition.<sup>11</sup>

McKinley judged an alliance with Britain would be unpalatable to the American public, but his administration saw considerable merit in the idea of the Open Door.<sup>12</sup> The idea was promoted in the United States by three British advocates: chief magistrate of Southern Rhodesia and Asian explorer Archibald Colquhoun, Royal Navy Admiral and conservative parliamentarian Charles Beresford, and imperial customs agent Alfred Hipsley. Colquhoun and Beresford published bestselling texts on Chinese affairs that laid out early versions of the Open Door policy. Colquhoun’s book, *China in Transformation* (1898) outlined the economic benefits of free trade in the Far East and Beresford’s, *The Break-up of China* (1899) called for a multilateral policy to avert the partition of the Qing Empire. Beresford’s opinions enjoyed popularity throughout North America, in part because he made a lecture tour of the continent after his heavily-publicized exposition to China in 1898. Moreover, Beresford willingly advised members of the State Department. Alfred Hipsley left no particular impression on the public, but his close friendship with W. W. Rockhill, an American diplomat and close confidant of Secretary Hay, gave him considerable sway in elite circles. In fact, Hipsley wrote a memorandum for the State Department and Rockhill passed it on to Hay. Highly impressed, Hay subsequently instructed Rockhill to turn it into a policy document. Hipsley earned no credit for his work, but the memo became

the template for the first Open Door note.<sup>13</sup> The British played a central role incubating the Open Door idea in the United States, but much like the Monroe Doctrine – an idea first recommended by British Foreign Minister George Canning – the McKinley administration chose to ignore the proposal for an Anglo-American partnership, and instead rolled out the policy unilaterally.

On 6 September 1899, John Hay issued instructions to US ministers in St. Petersburg, Berlin, and London to outline a three-part proposal for an open door trading policy. First, the note called for collective “assurances” that the powers shall “in no way interfere with any treaty port or any vested interest within any so-called ‘sphere of influence’ or leased territory” in China. Second, the note obliged foreign powers to allow the Chinese to set a common tariff, a rate that would apply equally to all traders, regardless of nationality. Third, powers should “levy no higher” transport or harbour fees “within its ‘sphere’ on merchandise belonging to citizens or subjects of other nationalities.” Hay’s instructions therefore encouraged a spirit of equal opportunity of trade and explicitly avoided the delicate matter of commercial exclusivity within spheres of influence. Great Britain and France quickly accepted Hay’s proposal, cabling official approval within two months. Hay extended the invitation to Japan, and within a week they consented, too. The early support of Britain and France, and to a lesser extent Japan, then forced the hand of Russia and Germany. On 30 December 1899 the Russians replied, stating their “firm intention” to abide by the Open Door but insisting that its ports were already “free,” despite the prevailing impression of Russia as a practitioner of autarky. Russia also qualified its support, insisting upon the right to opt out if any foreign power deviated from its interpretation of the policy. American diplomats saw this as a Russian loophole to leave open the possibility of further expansion into Manchuria. Even so, Hay chose to interpret the Russian government’s reply

as compliance. Germany, the last to formally approve the Open Door, also declared it was already the “de facto” state of affairs in Shandong province.<sup>14</sup>

Secretary Hay announced the era of the Open Door in March 1900 by way of a circular that revealed the correspondence from each foreign power. American newspaper editorials heralded it as Hay’s most significant diplomatic victory. Most journalists judged it an inherently anti-colonial, transparent, and democratic policy that abided by traditional values of national self-determination and free enterprise. The *Washington Evening Star* insisted the Open Door “precluded” the foreign domination of China and “believed that in practice it will prove an obstacle” to further territorial expansion because, by ensuring the riches of the China market were made available to all, it removed the “incentive” for colonization.<sup>15</sup> Such reviews used the Open Door to dispel accusations of American imperialism, and yet Hay’s first note made no attempt to guarantee the territorial integrity of China from further colonization. Neither did it seek to confine or roll-back existing colonial spheres. To the contrary, the policy recognized existing imperial authority and deliberately excluded the Chinese from negotiations. Chinese Minister in Washington Wu Ting Fang learned about Hay’s diplomatic efforts from the press and, when he complained to Hay about being left out of the consultations, received only an assurance that the policy “will be advantageous” to China. Hay failed to see this as an imposition. “We have done the Chinks a great service,” he later remarked, “which they don’t seem inclined to recognize.” Whether Hay ignored the Chinese based on his racial prejudices or as a matter of diplomatic expediency is inconsequential. The Open Door consigned the Chinese government to that of a spectator in its own foreign affairs and diminished China’s ability to practice self-determination. Whereas the Chinese had once negotiated with individual foreign powers, the Open Door bypassed them altogether. It established an inter-imperial agreement and

secured a means of foreign collusion to determine the future of China's trade. The foreign powers in China accepted the Open Door, at least in part, because it safeguarded their colonial authority.<sup>16</sup>

Despite John Hay's insistence that his policy offered equal opportunity for all foreign traders, the deal only applied to thirty-five treaty ports along China's coast and did not grant equal investment opportunities in colonial spheres of influence like Hong Kong, Shandong, Liaoning, or Taiwan. Hay admitted, in those places opportunity of investment "could not be retrieved." Foreign powers consolidated their control and restricted competition for railroad contracts, mining concessions, and investment. For instance, Russia attached conditions to the principle of equal rail and harbour costs, asserting that equal fees discouraged capital investment. The extensive railway lines built through northern China offered discounts to Russian nationals, thereby limiting others' access to the mythical China market.<sup>17</sup>

Moreover, the question of how to enforce the Open Door puzzled proponents and critics alike. The McKinley administration rejected an Anglo-American alliance and offered no support for Lord Beresford's recommendation to arm China as a counterweight to covetous world powers. Secretary Hay had reservations about compliance as well, but nevertheless confidently declared that the policy offered "vigilant protection of our commercial interests without formal alliances with other powers interested."<sup>18</sup> The secretary insisted that collective and mutual assurances would stymie disobedience, but critics questioned how vigilant the protection could be if based solely on mutual respect. Hay argued that relying on military strength anticipated conflict, an outcome the Open Door sought to avoid. "All this is to the advantage of all parties," the secretary of state declared, "there is no sentiment in it." When he circulated the correspondence, Hay declared the Open Door a "final and definitive" solution.<sup>19</sup>

### ***Constant Pressure from Within and Without***

John Hay expected resistance to his policy, particularly from Russia. The first opposition, however, came from an unanticipated source: Chinese nationalists, who were frustrated with the pace of domestic reforms and sick of ceaseless foreign intervention. Throughout the 1890s, Chinese radicals carried out acts of violence that met with reprisal from foreign powers. Indeed, the 1897 German intervention in Qingdao began in retaliation for the execution of two missionaries by the Big Sword Society, a nationalist peasant group opposed to foreign interference. Similar societies, like the Righteous and Harmonious Fists and the Red Spear (organized in north China), reflected the popular current of anti-foreign sentiment. European missionaries called these revolutionaries “Boxers,” a reference to their physical training in martial arts and ritualistic dancing, which adherents believed provided a mystical immortality. Boxer clubs multiplied quickly in Shandong, where foreign activity concentrated.

The Boxer movement arose in reaction to foreign imperialism, but it was rooted in distinctively Chinese social problems. After the Opium Wars, floods and droughts wreaked havoc on crop yields, caused food shortages, impoverished millions, and led to several uprisings. Hunger and hardship contributed to public grief and stimulated a wave of political reforms. Botched military operations, particularly the humiliating defeat of China in the 1895 Sino-Japanese War, wounded national pride and intensified the drive for political change. Two classes of politician emerged after 1895. One, inspired by the remarkable success of Japanese modernization, aimed to remodel China’s medieval institutions in a similar fashion by accepting contemporary Western techniques in farming, medicine, and industrial production. A second type, typically from the conservative elite, advocated a

slower path of reform and loyalty to Confucian traditions. In 1898, modernizers enacted sweeping changes to government administration, education, and commercial regulations, only to be ousted by a coalition of conservatives and the Dowager Empress Cixi. The empress annulled the reforms and consolidated her position by adopting anti-Western rhetoric and appealing to the Boxers for sympathy. The Boxers, in turn, threw their support to the Qing dynasty.<sup>20</sup>

In the early months of 1900, the Boxers began to attack Christian missionaries living in rural regions and intimidate the larger foreign populations in urban hubs. The violence went unimpeded by the new Beijing government, in part a result of the warmer relations between the Boxers and the monarchy. For example, when a British missionary was killed by Boxers in January, the Chinese government offered a smaller than usual reparations payment and refused to condemn the act. This led foreign powers to conclude the Boxers had the tacit support of the Chinese court, and when the uprising threatened foreign residents in the capital, the foreign governments demanded the right to defend them. On 30 May, the Beijing government allowed eight nations (Britain, the United States, France, Russia, Germany, Japan, Italy, and Austria) to deploy small detachments of troops to protect their diplomatic legations in Beijing. Two days later, the Boxers burned the international city of Tianjin, the nearest coastal port to the capital, and cut telegraph and rail lines to isolate the legations. The foreign powers asked the Chinese government for additional defences, but to no avail. When the Boxers reached Beijing the full extent of the violence became clear. The Japanese legation's minister was murdered, his body dismembered and left on the street. When the German minister left his residence in an attempt to negotiate with the Chinese Foreign Office, Boxers shot and killed him. Empress Cixi declared war on the colonial powers and urged foreigners to leave the capital. Fearing for their safety, the

foreign residents stayed to defend their position and awaited relief from home.<sup>21</sup> Graphic descriptions of the besieged diplomats and their families shocked Americans. Joseph Pulitzer's *Evening World* recounted the "harrowing experience" of the American Minister and stirred public ire in the middle of President McKinley's re-election campaign. Henry Adams, a close friend of John Hay, jested: "Your open door is already off its hinges, not six months old. What kind of door can you rig up?"<sup>22</sup>

In response, Hay dispatched a second note to the world powers, almost four months after the first "final and definitive" one had been issued. The second note requested reaffirmation of "the principle of equal and impartial trade" and appealed for the preservation of China's "territorial and administrative entity." Ensuring China's integrity redefined the Open Door idea. The first note did not promise to "bring about permanent safety and peace to China." The second note expressed the anti-colonial principles Hay believed were implicit in the first note, but also served the purpose of maintaining the inter-imperial scheme. Even during the Boxer rebellion, the secretary of state insisted that foreign cooperation could suppress Chinese nationalism, help cope with the impulses of the Qing court, forestall the dismemberment of China into imperial fiefdoms, and strengthen international trade. But as with the first note, Hay made no attempt to consult China.

The second note also required no reply. It served only to clarify the policy already accepted by the various powers, but to some adherents the second note defied the very nature of geopolitics and raised new questions about how to enforce the Open Door. International relationships are never static and the Chinese context in the first years of the twentieth century offered no exception to this rule. As imperial powers jostled for ascendancy in China they inevitably acquired spheres of influence, but these spheres changed depending on circumstance. Hay's second note presumed a permanent status quo,

denied fluctuating power dynamics, and specifically disclaimed the ambitions of imperial powers to expand for reasons other than commercial gain. From this assumption Hay imagined that mutual respect would uphold the scheme, a notion that seemed unrealistic and impractical to world powers more accustomed to applying force, claiming indemnity, and exploiting China's weaknesses – the second note thus indicated a substantial amendment to the Open Door idea, and how it would be enforced.<sup>23</sup> Moreover, anti-colonialism allowed later generations of US policymakers to draw on ideas of national self-determination and eschew militarism as a viable means of securing order.

On 14 August 1900, the armies of the eight-nation alliance reached Beijing and quickly advanced to the legations, lifting the siege within days. The invasion, a disorderly exercise of power, foreshadowed the chaos that would follow. Instead of working together, the allied forces raced to Beijing, each pursuing the prestige of being first to liberate the city. The Chinese court fled and, sensing an opportunity to take advantage, the foreign powers occupied coastal treaty ports and major trading posts along the Yangtze River, looted indiscriminately, and attacked suspected Boxer clubs. The United States, however, recalled the majority of its troops and left only a small force in China to impart pressure on the peace negotiations that would inevitably follow. The other foreign powers occupied Tianjin and Beijing until 1901 when the Chinese agreed to the Boxer Protocol, a peace treaty that punished China for the rebellion by banning anti-foreign clubs, executing Boxer leaders, allowing foreign troops to garrison the capital, and levying an indemnity of over \$300 million. The settlement further humiliated the Chinese by insisting they erect a commemorative shrine to the foreign residents of Beijing killed in the uprising.<sup>24</sup> Secretary Hay dispatched W. W. Rockhill, the co-author of the Open Door notes, to the peace negotiations with orders to persuade the foreign powers of the merits of preserving China's

integrity. Rockhill successfully kept territorial questions out of the Boxer Protocol and the Chinese surrendered no new land. The foreign powers offered no formal anti-colonial commitment, either. With the empires satisfied by the punitive peace, and calls for territorial indemnity quieted, Hay judged the outcome a victory for the Open Door.

After the defeat of the Boxers, the principal threat to the Open Door came from Russia. Under the pretext of protecting its railway interests, Russia occupied Manchuria long after the 1901 protocol, demanding commercial exclusivity in the region and special rights to railroad and mining contracts. In blatant violation of the Open Door, Russia also sought to administer Manchuria's customs houses. Because the United States had disproportionately greater trading interests in Manchuria than any other part of China, Russia's demands prompted a response from the State Department. In 1902, Hay again extended his definition of the Open Door idea. In its third iteration, he argued that the policy ascribed equal opportunity to all foreign powers in railroad, mining, and investment in China. Despite the fact that the first note avoided mention of commercial opportunities in pre-existing spheres of influence, the Russian occupation threatened to rekindle the partition of China. To prevent that prospect, Hay changed course and proved, yet again, the policy's flexible meaning in respect to shifting circumstances. Indeed, such flexibility of meaning is a key theme for understanding the Open Door idea's appeal to successive generations of policymakers.

Still, the Open Door lacked any means of enforcement, either by empowering the Chinese or gathering foreign powers to collectively pressure the Russians. In the hope the two countries could "share the Manchurian treasure rather than to become locked in a conflict over it," Hay encouraged negotiations between Russia and China throughout 1901

and 1902 and repeatedly insisted the Chinese government make no agreement that could jeopardize its territorial integrity or grant exclusive rights to commercial activity.<sup>25</sup>

Meanwhile, the other foreign powers in China considered alternatives to the Open Door's woolly alliance of mutual respect. Germany and Great Britain signed an agreement in October 1900 that reserved them the right to decide "the eventual steps to be taken for the protection of their own interests." Vague in its terminology, the Anglo-German Agreement purposely excluded any mention of military cooperation. While they hoped to disquiet Russia without making any drumbeat of war, the British and Germans lacked any substantial interests in Manchuria, and felt unable to make any fuss over Russian designs. The United States optimistically declared the agreement "especially satisfactory" because it formalized British and German observance of Hay's second note in respect to China's integrity. Japan also found ways to rebuff Russia. Their interests did extend to Manchuria, and after learning the extent of the tsar's demands in early 1901, Tokyo offered China "material support" to secure its borders. The informal provision strengthened China's diplomatic resistance, but like the Anglo-German Agreement, fell short of a clearly defined military alliance.<sup>26</sup>

The ongoing crisis prompted Japan to approach the British and German governments in an effort to forge a "far-reaching" alliance that would preserve commercial access and stabilize the balance of power in the region. Germany refused, accepting only "benevolent neutrality" in the tangle, but the new political leadership of Great Britain struck a bargain with Japan. On 30 January 1902, the British Foreign Secretary, Lord Lansdowne, and the Japanese Minister to the Court of St. James, Hayashi Tadasu, signed a six point treaty that aimed "to take such measures as may be indispensable in order to safeguard [their] interests if threatened either by the aggressive action of any other Power." Far less reticent than the mutual respect of Hay's policy, the Anglo-Japanese Agreement promised neutrality

if a disturbance to the Open Door should arise. If other powers intervened, the agreement assured a joint military response. The treaty bolstered Japan's ability to check Russian aggression in Manchuria and Korea through a calculated deterrence of the foreign powers.

If Japan went to war with Russia, Britain would remain neutral. The intervention of any other power, however, would trigger British participation. Russia attempted to secure a similar arrangement with Germany and France, but Germany continued to observe a policy of absolute neutrality and refused to be drawn. France agreed to a Russian alliance, but made clear they would not engage the British, effectively limiting any potential conflict to Russia and Japan. Rather than calm the situation, this diplomacy of alliance-building set the stage for a confrontation between Tokyo and St. Petersburg.<sup>27</sup>

The United States had an opportunity to join the Anglo-Japanese pact in 1901 when Japanese diplomats inquired about potential for a three-way alliance. However, the newly-inaugurated administration of Theodore Roosevelt refused. Roosevelt entered the White House after the assassination of McKinley, a transition that caused little political upheaval at first. His foreign policies closely reflected his predecessor's and the new president retained the services of John Hay as secretary of state. The American aversion to entangling alliances persisted, making an agreement with the Japanese as untenable as the one proposed by the British years earlier. Even so, Roosevelt and Hay were privately critical of Russia's scheming in China. The Russian government insisted that it had no intention of closing Manchuria to foreign commerce, but the president and secretary of state believed the occupation "injurious" to American interests and noted a "certain lack of courtesy" in Russia's demands. The American people, Hay knew, would not support an alliance with Britain and Japan, but he simultaneously told Roosevelt, "there is something due to self-respect also, and it is pretty hard to stand by and see an act of spoliation accomplished under our eyes." By 1903,

Roosevelt believed the situation had reached an “acute stage” and blamed the “incredible mendacity” of the Russians for the circumstances. They are “endeavoring to force us not to take sides with Japan and England,” Roosevelt confided, and yet “we cannot fight to keep Manchuria open. I hate being in the position of seeming to bluster without backing it up.” The administration could only hope that the Russians “are really afraid of Japan.”<sup>28</sup>

At first, the Anglo-Japanese Agreement gave new teeth to the Open Door and ostensibly saved the balance of power in China. Russian troops arranged to evacuate the southern Manchurian province of Liaoning by the end of 1902 and promised a complete withdrawal by 1904. The departure of troops came as a trade-off for exclusive banking concessions in a settlement promoted by Sergei Witte, Russia’s finance minister. Witte believed that loans for internal development would reap more substantial dividends than the direct administration of Manchuria, which required the expense of the military. Although the exclusivity of the compromise agreement ran contrary to Hay’s latest definition of the Open Door, it did at least hold to the spirit of equal trade opportunities and Chinese territorial integrity. Witte had conceded enough to temporarily quell the general discontent. In October 1902 the first withdrawal of troops went smoothly, but by 1903 Witte’s favour in the Russian court was waning, and the tsar changed tack. Russia delayed the evacuation and began new negotiations with China for concessions that contravened all aspects of the Open Door scheme. The tsar demanded that China forbid foreign powers to open a new treaty port in Manchuria, employ only Russians in Northern provinces, funnel customs revenue through Russian banks, and expand their sphere of influence to the borders of Korea. The Japanese condemned the move as incendiary and considered the delayed withdrawal of troops a threat to the region’s security.<sup>29</sup>

Diplomacy failed by 1904. Japan petitioned the tsar to honour the evacuation plans in a timely manner, to begin fruitful negotiations on Korean neutrality, and to settle the limits of Russia's sphere of influence in China. Tokyo, invoking the spirit of the Open Door, warned that the inaction would lead them to settle matters by armed force. Japan called for mutual respect and equal opportunity in Korea and Manchuria, while distinguishing the two places as distinct spheres of Japanese and Russian influence. In Russia, the tsar faced considerable pressure to acquire complete suzerainty over Manchuria as a matter of national pride, and his government's response to the Japanese overture came almost four months later in the form of a counter-proposal. The Russian terms omitted China from any future discussion, except to note that the province of Manchuria fell outside Japan's sphere of influence. Witte, by 1903 marginalized in the Russian court, deplored the statecraft. We "acted as if we were certain that the Japanese would endure everything without daring to attack us," he said. In fact, the Japanese would not endure any further intransigence. When the negotiation team read the Russian response, they passed a resolution that declared "Russia had made no adequate concession over Korea and had even refused to enter into negotiations over Manchuria," and accused Russia of "trying to build up her military strength there."<sup>30</sup> Frantic communications between St. Petersburg and Tokyo in January 1904 failed to stave off hostilities, and the Japanese declared war.

Roosevelt and Hay sympathized with the Japanese and censured the tsar for acting with "supine carelessness." Russia "behaved very badly in the far East," Roosevelt disclosed, "her attitude toward all nations, including us, but especially toward Japan, being grossly overbearing."<sup>31</sup> Unable to stop the conflict, the president's administration worked to minimize the disruption in China. In an attempt to salvage the Open Door policy in other areas of China, the State Department requested on behalf of the Qing dynasty that Japan

and Russia contain hostilities to the Manchu-Korean region. This diplomacy helped stop the spread of war, but the conflict had made evident the fundamental failure of Hay's Open Door idea. The war ended most commercial traffic in the Yellow Sea. Japan quickly and successfully invaded Korea, blockaded the Russian fleet in Port Arthur, and whipped the Russian army in a battle at Yalu River, the waterway dividing Manchuria from Korea. By 1905 Port Arthur fell, the Japanese occupied the entire southern expanse of Manchuria and invaded Sakhalin Island east of Siberia. The Russian army and navy suffered such decisive defeats that simmering unrest in St. Petersburg catalysed a violent revolution of disenfranchised working classes and army mutineers. The tsar, now forced to address the domestic uprising, began to look for peace.

At the request of the Japanese and consent of the Russians, Theodore Roosevelt mediated the peace deal. The negotiations, held at the Portsmouth naval yard in New England, showcased the American president's determination to reinstate the Open Door policy. The talks concluded in September 1905 with a binding agreement that obliged Russia to make a complete withdrawal of Manchuria, cede the lease of Port Arthur to Japan as well as its sphere of influence on the Dalian peninsula. Japan also won recognition of Korea as a dependent state and settled for half of Sakhalin Island. Roosevelt considered Japan a strong adherent to the Open Door, but he insisted that Tokyo and St. Petersburg formally accept the restoration of the policy. Article four swore Japan and Russia to maintain "any general measures common to all countries which China may take for the development of the commerce." The only such measure was the Open Door. Further evidence that the Open Door survived the war came in the notable absence of the Chinese at the Portsmouth talks. The treaty underwrote the inter-imperial dominance over China's political authority and future discussions on industrial concessions, open access to treaty ports, and spheres of

influence. W. W. Rockhill declared China “quite unable to manage her international affairs ... without strong support and constant pressure from without.”<sup>32</sup>

### ***Conclusion***

John Hay, whose health deteriorated at the outset of the Russo-Japanese War, was too sick to leave his home in Lafayette Square during the peace talks. He invited the Japanese and Russian ambassadors to visit him when possible and during his convalescence tried to approach foreign affairs with the vigour he had shown in previous years. In actuality, Theodore Roosevelt took charge of Hay’s many responsibilities as the secretary of state by 1904. The young president had strong opinions on international relations, and Hay played the role of elder statesman, guiding Roosevelt’s education as a diplomat. The moment of a brokered peace in Asia escaped him. He died on 1 July 1905, two months before the Treaty of Portsmouth was signed.<sup>33</sup>

Among Hay’s lasting impact on US foreign policy, the Open Door idea remains paramount. In his lifetime the policy had yet to become a doctrine as customary as Washington’s Farewell or the Monroe Doctrine, but Roosevelt subscribed to its principles and pursued its objectives as steadfastly as his predecessor. Additionally, the Open Door survived in spite of considerable challenges. The ambition of foreign powers, the spectre of Chinese nationalism, and Russo-Japanese War did not dislodge its primacy as the official policy of the United States in the region. Hay’s willingness to re-interpret the idea when circumstances required gave the Open Door idea a degree of suppleness, and if the architect could reconsider its meaning – as Hay did at least three times – successive generations of diplomats could do the same. In the first instance, the Open Door stood for equal trading prospects and the commitment to common access to China’s treaty ports.

Hay's first note in September 1899 focused on economic realities and explicitly recognized the rights of foreign powers to administer their spheres of influence. Hay did not ignore the danger of partition in China, but addressed the crisis indirectly and solely on the matter of economic prosperity in the hope that wealth would transcend the lust for land. The Boxer rebellion forced Hay to propose a more extensive collective commitment to China's territorial integrity. When he released the second note in July 1900 by way of a circular, he entreated foreign powers to defend China's political and territorial space. With foreign armies dispatched to Beijing and elsewhere in northern China, the danger of partition increased, a menace soon realized after the end of the Boxer conflict with Russia's occupation of Manchuria. In January 1902 Hay thus produced a third iteration of the Open Door. Because Russian expansion endangered American commerce, Hay insisted that no foreign power should practice exclusivity of commercial activity in their spheres of influence, which included the monopolization of mining contracts, railroad construction, and financing. This last alteration expanded the Open Door into a doctrine of total commercial equality, stretching far beyond the first note's original protection of trade, and extending to investments throughout China.

The flexible interpretation of the policy made it popular in the United States and palatable to the general public, who regarded alliances as antithetical to traditional American foreign policies. The War of 1898 gave the public a new outlook in global affairs and awakened the United States to the pitfalls of imperialism. Some anti-imperialists supported the Open Door idea because, at first implicitly and later explicitly, it exalted anti-colonial principles enforced by means other than war and military pacts. Other anti-imperialists, like Edward Atkinson, criticized the Open Door idea as economic imperialism and continued to oppose US foreign policy after 1904. These anti-imperialists cited the

policy's poor track record in curtailing hostilities. The Open Door split the anti-imperialist movement.<sup>34</sup> Ironically, American imperialists, looking beyond the language of the notes, saw an end that they too desired. The Open Door provided access to Far Eastern markets and enhanced US influence in geopolitics. The United States lagged in the international race for markets, but the Open Door put it at the centre of the new inter-imperial order in the Far East.

Among the foreign powers, the desire to see the Open Door work led to a reluctant acceptance of its terms. Although Russia tested it frequently, all the foreign powers ultimately participated in the scheme. Japan even went to war (and the United States brokered the peace) to preserve it. The nineteenth century proved that no single foreign power could dominate China, and for that reason the Open Door idea offered a means of economic expansion without political interference or military conflict. Conceived first by the British, the scheme excluded the Chinese government, and replaced bilateral agreements with a multilateral paternalism.

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<sup>1</sup> "Peace and Destiny, Theme of John Hay," *New York Times*, 20 May 1904.

<sup>2</sup> The countries represented in the Peking Legation Quarter included Russia, Japan, Spain, France, Germany, Belgium, Austria-Hungary, Great Britain, Portugal, and the United States.

<sup>3</sup> Douglas W. Steeples and David O. Whitten, *Democracy in Desperation: The Depression of 1893* (Westport, CT: Greenwood Press, 1998), 14–65.

<sup>4</sup> Scott Reynolds Nelson, *A Nation of Deadbeats: An Uncommon History of America's Financial Disasters* (New York: Alfred A. Knopf, 2012), 188–206; Walter LaFeber, *The American Search for Opportunity, 1865–1913* (Cambridge: University of Cambridge, 1993), 130–13.

<sup>5</sup> James H. Wilson, "America's Interests in China," *North American Review* 166, no. 495 (February 1898): 129–42; Gilbert Reid, "American Opportunities in China," *The Forum* (April 1899): 237–42; Edward Atkinson, "Eastern Commerce: What Is It Worth?," *North American Review* 170, no. 519 (February 1900).

<sup>6</sup> US Department of State, *Commercial Relations of the United States with Foreign Countries*, vol. 1 (Washington, D.C.: Government Printing Office, 1899), 22.

<sup>7</sup> Walter LaFeber, *The New Empire: An Interpretation of American Expansion, 1860–1898* (Ithaca, NY: Cornell University Press, 1963), 300–3; Thomas J McCormick, *China Market: America's Quest for Informal Empire, 1893–1901* (Chicago: Ivan R. Dee, 1967), 53–76.

<sup>8</sup> Jack Beeching, *The Chinese Opium Wars* (New York: Harcourt Publishers, 1977); William T. Rowe, *China's Last Empire: The Great Qing* (Cambridge, MA: Harvard University Press, 2009); Robert Bickers, *The Scramble for China: Foreign Devils in the Qing Empire, 1832–1914* (London: Allen Lane, 2011).

<sup>9</sup> Emily Rosenberg, *Spreading the American Dream: American Economic and Cultural Expansion, 1890–1945* (New York: Hill and Wang, 1982), 14–35; Paul W. Harris, 'Cultural Imperialism and American Protestant Missionaries: Collaboration and Dependency in Mid-Nineteenth-Century China', *Pacific Historical Review* 60,

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no. 3 (August 1991): 309–38; Matthew Frye Jacobson, *Barbarian Virtues: The United States Encounters Foreign Peoples at Home and Abroad* (New York: Hill and Wang, 2000), 15–57; Michael H. Hunt, *Ideology and U.S. Foreign Policy* (New Haven: Yale University Press, 1987), 46–91; David Brody, *Visualizing American Empire: Orientalism and Imperialism in the Philippines* (Chicago: University of Chicago Press, 2010), 29–58; Kristin L. Hoganson, *Consumers' Imperium: The Global Production of American Domesticity, 1865–1920* (Chapel Hill: University of North Carolina Press, 2007), 2–38.

<sup>10</sup> Lewis L. Gould, *The Spanish-American War and President McKinley* (Lawrence, Kansas: University Press of Kansas, 1982), 96–120; Michael Patrick Cullinane, *Liberty and American Anti-Imperialism, 1898–1909* (New York: Palgrave Macmillan, 2012), 11–28; George Herring, *From Colony to Superpower: US Foreign Relations since 1776* (New York: Oxford University Press, 2008), 309–36.

<sup>11</sup> Pounceforte to Salisbury, 17 March 1898, National Archives (UK), FO5/2361; HC Deb, 10 June 1898, vol. 58 and 10 August 1898, vol. 64 (<http://hansard.millbanksystems.com>).

<sup>12</sup> Marc-William Palen's scholarship on Cobdenism and protectionism in the Gilded Age demonstrates how the ideology of free trade migrated from Britain to the United States. U.S. overseas trade policy developed in a "haphazard" manner, and Palen describes the open door idea as one that emerged from this ideological struggle between free traders and protectionists. He maintains that while the open door makes reference to "free" trade, in practice it operated as a protectionist tool of economic nationalism. Marc-William Palen, "The Imperialism of Economic Nationalism, 1890–1913," *Diplomatic History* 39, no. 1 (January 2015): 157–85; Marc-William Palen, "Foreign Relations in the Gilded Age: A British Free-Trade Conspiracy?" *Diplomatic History* 37, no. 2 (April 2013): 217–47.

<sup>13</sup> W. W. Rockhill to John Hay, 28 August 1899, John Hay Papers, Box 12, Library of Congress; Archibald R. Colquhoun, *China in Transformation* (New York: Harper Brothers, 1898); Charles Beresford, *The Break-up of China* (New York: Harper Brothers, 1899); Paul A Varg, "William Woodville Rockhill and the Open Door Notes," *Journal of Modern History* 24, no. 4 (December 1952): 375–80

<sup>14</sup> William M. Malloy, ed., *Treaties, Conventions, International Acts, Protocols, and Agreements between the United States of America and Other Powers, 1776–1909* (Washington, DC: Government Printing Office, 1910), 244–60.

<sup>15</sup> "A Diplomatic Triumph," *New York Tribune*, 28 March 1900; "A Diplomatic Triumph," *Washington Evening Star*, 28 March 1900.

<sup>16</sup> John Hay to W. W. Rockhill, 24 July 1900, Rockhill Papers, MS Am 2121 (1068), Houghton Library, Harvard University; John Hay to Wu Ting-Fang, 11 November 1899, *John Hay Papers*, Box 3, Library of Congress.

<sup>17</sup> Raymond A. Esthus, 'The Changing Concept of the Open Door, 1899–1910', *The Mississippi Valley Historical Review* 46, no. 3 (December 1959): 436.

<sup>18</sup> John Hay to Paul Dana, 16 March 1899, John Hay Papers, Box 2, Library of Congress.

<sup>19</sup> Hay to Tower, Jan 22, 1900 and Hay to White, 2 April 1900, John Hay Papers, Box 2, Library of Congress.

<sup>20</sup> Joseph Esherick, *The Origins of the Boxer Uprising* (Berkeley: University of California Press, 1987), 96–122, 167–205; Jung Chang, *Empress Dowager Cixi: The Concubine Who Launched Modern China* (New York: Random House, 2013), 204–16, 271–91.

<sup>21</sup> For coverage of the Boxer rebellion and anti-foreign sentiment see, William J. Duiker, *Cultures in Collision: The Boxer Rebellion* (San Rafael, CA: Presidio Press, 1978).

<sup>22</sup> Henry Adams, *Letters of Henry Adams 1892–1918*, ed. Worthington Chauncey Ford (Boston: Houghton Mifflin Company, 1938), 290.

<sup>23</sup> "Conger Shut up in Beijing," *Evening World*, 20 July 1900; Circular Telegram to representatives of the United States, 3 July 1900, *Foreign Relations of the United States* (Washington, DC: Government Printing Office, 1900), 299; Michael H. Hunt, *Frontier Defense and the Open Door: Manchuria in Chinese-American Relations, 1895–1911* (New Haven: Yale University Press, 1973), 33–4.

<sup>24</sup> David Silbey, *The Boxer Rebellion and the Great Game in China*, (New York: Hill and Wang, 2012), 222–9.

<sup>25</sup> Hunt, *Frontier Defense and the Open Door*, 60; W. W. Rockhill to John Hay, 31 January and 1 February 1902, Box 4, John Hay Papers, Library of Congress.

<sup>26</sup> *German Diplomatic Documents, 1871–1914*, trans. E.T.S. Dugdale, Vol. 3 (New York: Harper Brothers, 1930), 127–39; "Powers in Harmony," *New York Tribune*, 23 October 1900; Ian Nish, *The Anglo-Japanese Alliance: The Diplomacy of Two Island Empires 1894–1907* (London: Bloomsbury Academic, 2012), 112–34.

<sup>27</sup> Anglo-Japanese Alliance, 1902 (<http://www.jacar.go.jp/nichiro/uk-japan.htm>); Ian Nish, *The Origins of the Russo-Japanese War* (London: Longman, 1985), 112–32.

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<sup>28</sup> John Hay to Theodore Roosevelt, 25 and 28 April 1903, *John Hay Papers*, Box 2, Library of Congress; Theodore Roosevelt to John Hay, 22 May 1903 and Theodore Roosevelt to Albert Shaw, 22 June 1903, *Theodore Roosevelt Papers*, Theodore Roosevelt Digital Library, Dickinson State University.

<sup>29</sup> Kato Yoko, 'Japan Justifies War by the "Open Door": 1903 as Turning Point', in *The Russo-Japanese War in Global Perspective: World War Zero*, ed. David Wolff and John W. Steinberg (Leiden: Brill, 2007), 216-7.

<sup>30</sup> Sergei Witte, *The Memoirs of Count Witte*, ed. Avraham Yarmolinsky (Garden City, NY: Doubleday Page & Company, 1921), 123; Nish, *The Origins of the Russo-Japanese War*, 206.

<sup>31</sup> Theodore Roosevelt to Theodore Roosevelt, Jr., 10 February 1904, *The Letters of Theodore Roosevelt*, ed. Elting E. Morison et al., vol. 4: The Square Deal (Cambridge: Harvard University Press, 1951), 723-4; Theodore Roosevelt to W. W. Rockhill, Rockhill Papers, MS Am 2121 (2276), Houghton Library, Harvard University; John Hay to Henry White, 12 February 1904, John Hay Papers, Box 2, Library of Congress.

<sup>32</sup> Eugene P. Trani, *The Treaty of Portsmouth: An Adventure in American Diplomacy* (Lexington: University of Kentucky Press, 1969), 131; W. W. Rockhill to John Hay, 1 July 1905, Rockhill Papers, MS Am 2122 (61A), Houghton Library, Harvard University.

<sup>33</sup> John Taliaferro, *All the Great Prizes: The Life of John Hay, from Lincoln to Roosevelt* (New York: Simon & Schuster, 2013), 540-1, 546.

<sup>34</sup> Cullinane, *Liberty and American Anti-Imperialism, 1898-1909*, 149-63.

## II

**Imposing the Open Door, 1904-1917**

Presidents Theodore Roosevelt, William Howard Taft, and Woodrow Wilson steered the ship of state throughout the “Progressive Era” (1901-1920), a period of significant government reform. Discontent over social inequality, political corruption, and laissez-faire economic doctrines prompted a surge of activism that delivered demonstrable change to the lives of Americans and gave the era its name. The White House managed some of this directly, legislating for a federal welfare system, ecological conservation, and the regulation of private commerce, while non-state activists pushed through other reforms like settlement houses for immigrants. Although historians of the era tend to focus on domestic developments, foreign policy underwent an equally sweeping reformation: for example, growing numbers of peace activists proclaimed global harmony imminent based on the general acceptance of international arbitration, the abundance of international summits, and the increased number of collective security arrangements. In reaction to the financial panics of the nineteenth century, progressive economists called for tariff agreements, world banks, and currency reorganization to insulate the global marketplace from future tremors. Meanwhile, advances in communications and transportation technology brought international communities closer together.

These strides reflected the ebullient optimism of reformers, but many activists still confronted the contradictory realities of geopolitics. Revolutions wracked much of the world, a global arms race erupted, and by 1914 a “war to end all wars” permanently rattled the hope for peace. Global trade cycled through booms and busts, following the same patterns that emerged in the nineteenth century. Advances in travel and communication

brought communities closer together than ever before, but did not end international disagreements as some predicted proximity would. Nevertheless, the spirit of reform permeated the State Department and during the Progressive Era culminated in an institutional reorganization that shifted priorities and attitudes. Regional bureaucratic divisions (in Western Europe, the Near East, Latin America, and the Far East) split the world into geographical districts designated with separate strategic objectives. Experts who lived and worked in these regions returned to Washington to lead the new bureaus, bringing with them deeper knowledge of foreign politics, economics, and culture. The State Department also organized a Bureau of Trade Relations, which concentrated on promoting direct foreign investment and commercial competition in key markets, and expanded the consular service to support American businessmen working abroad.

Despite the vicissitudes of international relations during the Progressive Era, the Open Door idea persisted as a guiding principle for policy-makers. Although the idea was not yet “holy writ in the shrine of American foreign policy” like the Monroe Doctrine, Roosevelt, Taft, and Wilson – as well as their subordinates – referred to it regularly. Indeed, the original idea of protecting international access to China’s markets and recognizing the integrity of Chinese territory gradually infused relations with other countries, despite the fact that the outstanding flaw of the doctrine remained the inability to enforce it. John Hay believed mutual respect would induce world powers to comport themselves according to Open Door norms, but without a military alliance that assumption proved evanescent, as demonstrated by the Russo-Japanese War. Theodore Roosevelt placed the United States in the role of “umpire” when arbitrating the Treaty of Portsmouth, yet even after the peace settlement the Far East continued to prove a volatile region for imperial rivalry. The Taft and Wilson administrations resolved to find economic techniques for promoting stability and invited

private banks to invest in Far Eastern infrastructure projects in the belief that economic interdependence would forestall Chinese disintegration and maintain peace in the region. Styled as “dollar diplomacy,” the emphasis on supporting US businesses overseas sparked a radical evolution of Hay’s original policy.<sup>1</sup>

In Latin America, elements of the Open Door idea also took root, albeit under different circumstances that produced an alternative approach to enforcement. When Elihu Root took over the State Department (1905-1909) he travelled to Central and South America on a good will tour to invoke the Open Door idea as the basis for future relations. “Governments cannot make wealth,” Root told the Peruvian Senate, “but wise government can give that security for property, for the fruits of enterprise, for personal liberty, for justice, which opens the door to enterprise.” Unlike the Chinese Open Door, Roosevelt declared the United States would act to preserve access and order in the hemisphere by military action if necessary. This declaration, commonly referred to as the “Roosevelt Corollary” to the Monroe Doctrine, affirmed the anti-colonial policy of the United States toward the American republics while adding the caveat that it considered European economic dependency as detrimental to the region’s stability as traditional colonization. The United States, Roosevelt contended, would defend the Americas against both types of aggression. The Taft and Wilson administrations relied on the corollary to justify several economic and military interventions made during their tenures. The era witnessed an increase of American trade and influence in Latin America at the expense of European powers, leading many scholars to consider the Taft and Wilson policies less an open door than a way of closing the door to foreign competition. That is, the Open Door in Latin America was ostensibly about protecting the hemisphere from European imperialism, but the practical consequence was to give the United States responsibility for ordering the

region, disciplining the American republics, and ensuring they gave Europeans no reason to interfere.<sup>2</sup> This chapter explores the policies of Progressive Era presidents who “went far beyond, and indeed contravened the foregoing expressions of previous policy” by introducing alternative means of enforcing the Open Door idea.<sup>3</sup> These administrations imposed Hay’s doctrine in China and extended it to Latin America, two places the United States sought to increase their commercial footprint. Economic levers of power and the willingness to use military force to ensure access reshaped the contours of US foreign policy from one that required collective and mutual agreement for equal opportunity to one that encouraged intense competition, US advantage, and the growth of unilateral power.

### ***The Evolution of Enforcement***

Theodore Roosevelt inherited the presidency at a time when imperial rivalries dominated global politics. Holding fast to the Open Door idea, Roosevelt believed, as Hay did, that it offered a means of tempering the jealousy and distrust among foreign powers. The racial ideology known popularly as the “White Man’s Burden” further coloured Roosevelt’s comprehension of the world. Roosevelt worked from an assumption that “civilized” nations had a duty to teach “underdeveloped” societies the traits of good government, Christian morality, and social restraint. As a racialized view of the world, it echoed an imperial policy that urged world powers to take responsibility and mitigate conflict by intervening in the affairs of “inferior” nations. The White Man’s Burden also advised imperial powers to act as exemplars of civilization. Roosevelt’s cast his arbitration of the Russo-Japanese War in this vein. The Treaty of Portsmouth protected the inter-imperial Open Door and maintained imperial custody over the so-called “underdeveloped” societies of Korea and China. In both cases, arbitration promised peace by way of tutelage. In other places, Roosevelt believed

the task of civilizing belonged to individual countries. France did such work in West Africa, he claimed; like Great Britain in South Africa and Egypt; and Russia in the Caucasus.<sup>4</sup>

Roosevelt believed the responsibility for “civilizing” the Americas had fallen to the United States ever since the enunciation of the Monroe Doctrine in 1823. At face value, the Monroe Doctrine sought to preserve the territorial integrity of American republics under threat from European imperialism. In the context of Russian claims on Alaska, British influence in the Caribbean, and Iberian dominance in much of South America, Monroe called for an end to colonization in the hemisphere, but fell short of demanding that European nations decolonized. Monroe drew a figurative line in the sand, deeming any future colonial action “dangerous to our peace and safety.” The doctrine effectively made the United States a regional power, calling into question Monroe’s motivation for protecting fellow American republics. Some historians, for example William Appleman Williams, cast the Monroe Doctrine as the wellspring of the American empire but, irrespective of motives, the Doctrine had little chance of success without a strong mode of enforcement. Moreover, for most of the nineteenth century European powers ignored Monroe’s edict, and in some cases ran roughshod over it. For example, in 1843 the movement for independence in Texas led to speculation about British colonization due to the strong cotton trade between the Lone Star Republic and London. The rumour subsided only after Texas joined the United States. Similarly, in 1862 the French installed a Hapsburg prince as emperor of Mexico. Unable to retaliate because of its civil war, the United States merely refused to recognize the Mexican government, all but admitting the impotency of the Monroe Doctrine.<sup>5</sup>

Not until the end of the nineteenth century did the United States develop the capacity to challenge European powers militarily, and only then did the Monroe Doctrine stand a chance of success. In 1895, British claims on Venezuelan territory sparked a

diplomatic crisis that prompted President Cleveland to invoke Monroe. His Secretary of State Richard Olney dismissed Britain's territorial claim and declared the United States "practically sovereign on this continent." Not only did it have a mandate to defend Latin America, Olney asserted, but the United States had also acquired the resources to "render it master of the situation." Recognizing the shifting power relationship in the hemisphere, the British acquiesced and settled the dispute by arbitration. Three years later, Spain's botched attempt to suppress revolution in Cuba culminated in the War of 1898 and verified the political and military hegemony of the United States in the western hemisphere. It took four months to render Spain prostrate, a "splendid little war" according to John Hay, that plundered its prized colonial vestiges. Furthermore, the influence of European powers in the Americas waned yet further when the French and British nullified their construction rights for a trans-isthmian canal and the United States began excavating a channel through Panama.<sup>6</sup>

Not coincidentally, the Monroe Doctrine's coming of age coincided with the Open Door era. Both policies aimed to promote commercial opportunities in regions fraught with territorial disputes. The Monroe Doctrine envisioned a trade boom in a pacified hemisphere and one that would disproportionately benefit the United States due to its geographical proximity to Latin American markets. Without explicit restrictions on European trade or commercial activity, the doctrine allowed international investment to increase, but just as in China, European trade with Latin America developed into dependency or spheres of influence. Latin American debts accrued quickly and collection proved difficult to repay. European nations considered military intervention a reasonable tactic to recoup unpaid debts, and one of the most troubling cases arose in 1899 when Cipriano Castro, a military strongman who overthrew the Venezuelan government in a coup, defaulted on all foreign

debts. After years of unanswered appeals, Germany declared their intention to blockade Venezuela's ports and collect revenues directly by administering the customs houses. The Germans called it a "peace blockade," a last ditch attempt to collateralize trade and customs duties.

Germany assured the United States that it did not directly challenge the anti-colonial canon of the Monroe Doctrine, and the Kaiser insisted that such a blockade was not a veiled attempt to seize territory. At first, President Roosevelt accepted the Kaiser's argument. "If any South American State misbehaves toward any European country, let the European country spank it," Roosevelt told German diplomat and friend Hermann Speck von Sternberg, "but I do not wish the United States or any other country to get additional territory." By December 1902, the British and Italians joined Germany in an "unlikely alliance" aimed at recovering their losses while acting "within the bounds of the Monroe Doctrine."<sup>7</sup>

Roosevelt felt he "could not object" to the alliance given the definitive disavowal of colonial intent made by Germany, but he took every opportunity to promote arbitration as an alternative to the blockade. In his second annual message to Congress, days after Germany made its plan known Roosevelt hailed arbitration as the best possible recourse. When visited by the German ambassador he urged the same route, but his diplomatic labours had little effect. On 9 December 1902 British and German ships invaded Venezuelan ports and paralyzed the Venezuelan navy, sinking vessels they did not capture. For their part, the Venezuelans fought back on land and imprisoned hundreds of European residents in the capital. As the turbulence spread, President Castro appealed to the United States to mediate; the possibility of an extended conflict stirred Roosevelt. Despite German reassurances, Roosevelt became increasingly fearful that Germany would seek a territorial

indemnity “on the model of Kiauchau [Qingdao],” the port leased for ninety-nine years from China as reparations for the murder of two missionaries. The Chinese context demonstrated how easily a blockade could turn into an outright process of colonization. Unless the Germans accepted arbitration, Roosevelt privately told their ambassador, he would send the Atlantic fleet to end the blockade and restore peace. The intimidation worked, if only in part. European nations had no desire to clash with the United States over Venezuela. A protracted blockade would cost infinitely more than it would recover, and war with the United State – as Spain learned in 1898 – could be even more disastrous. Consequently, in less than three weeks, the European nations agreed to arbitration.<sup>8</sup>

Theodore Roosevelt’s management of the crisis has since become known as “big stick” diplomacy, an approach to foreign relations based on his self-proclaimed adherence to a West African proverb that counsels statesmen to “speak softly and carry a big stick.”<sup>9</sup> For American foreign policy the metaphor has come to characterize the skillful practice of discreet negotiation backed by a willingness to deploy military force. In the case of Venezuela, Roosevelt quietly urged arbitration before using intimidation. The intellectual basis of big stick diplomacy descends directly from the Monroe Doctrine and Open Door policy. When Theodore Roosevelt assumed the responsibilities of the office in 1901, he envisioned the Open Door as an “equivalent” to the Monroe Doctrine. “That is, I do not want the United States or any European power to get territorial possessions in South America but to let South America gradually develop on its own lines,” he explained. The western hemisphere should present “an open door to all outside nations.” Just as in China, then, commercial prosperity required a collective understanding and concerted commitment to secure peace.<sup>10</sup>

The primary difference between the Open Door in China and the big stick in the Americas rested on the commitment to enforce the policy. Whereas Roosevelt refused to defend the Open Door in China, he vowed to secure order in the Americas. Because big stick diplomacy echoed the principles of the Open Door, Roosevelt had an easier time selling the idea to politicians and the public. Proximity and capacity also helped. In China and the Americas “we have acted in our own interest as well as in the interest of humanity at large,” Roosevelt professed, but intervention in disputes depends upon “the degree of the atrocity and upon our power to remedy it.” Chinese security fell beyond the United States’ capacity, he believed, because a war there portended a greater loss of blood and treasure than it could gain. “It is not merely unwise, it is contemptible,” Roosevelt declared, “to take positions which are ridiculous if unsupported by potential force, and then to refuse to provide this force.” In contrast, Latin America fell firmly within a sphere of influence that the United States could dominate. This disparity was a result of geography and power. Indeed, Roosevelt complained: “I wish that the same policy could be pursued in China.”<sup>11</sup>

The arbitration of the Venezuela crisis delivered mixed results, however. On one hand, the Court of Arbitration in The Hague heard the case, keeping European gunboats out of the western hemisphere. On the other hand, the court ruled that among Venezuela’s debtors the blockading countries deserved preferential treatment, a decision that favoured states that used force to extract a settlement. This raised the likelihood of hostile attempts to recover debts in the future and, shortly after the Venezuela crisis settled, it became clear that the Dominican Republic faced similar circumstances. Drained by years of revolution, instability, foreign intrigue, and corruption, the Dominican Republic amassed debts to many countries, including a sizable liability to the United States. Given his recent experience, Roosevelt anticipated foreign intervention, and took the initiative to announce in his fourth

annual message to Congress a corollary to the Monroe Doctrine that reiterated his commitment to maintain the territorial integrity of the Americas. Declaring a willingness to intervene military in any states guilty of “chronic wrongdoing”, the president assumed for the United States a role as “an international police power,” giving new teeth to the Monroe Doctrine. Moreover, because the corollary recognized financial default as a potential antecedent to European colonization, it gave the United States the ability to proactively determine when Latin American states faced such a danger.<sup>12</sup>

The Roosevelt Corollary was latently imperial, despite the fact that the Dominican government welcomed the intervention. On previous occasions the Republic’s president requested support managing customs revenue, mediating foreign claims, and ensuring a peaceful settlement with creditors. After Roosevelt’s annual message to Congress he fulfilled the request, ordered two warships to Santo Domingo, dispatched several customs agents, and warned foreign powers not to “oppress or control the destiny of the Dominican Republic.” Blockades or shelling would be considered a “temporary possession of territory” and a mark of “unfriendly disposition against the United States.”<sup>13</sup>

The intervention achieved Roosevelt’s aims. European powers stayed clear and over the course of two years the White House managed to negotiate a reduction of the principal debt. Customs revenue increased and repayment to foreign creditors followed. Financial stability improved and enhanced the Dominican credit rating which allowed it to borrow at more reasonable interest rates. By rectifying the immediate crisis, the Corollary also guaranteed open access to Latin American markets and the region’s territorial integrity more generally – the key principles of the Open Door.<sup>14</sup>

Roosevelt’s success came in part because his administration, and particularly Secretary of State Elihu Root, acknowledged the agency and sovereignty of Latin American

republics. Unlike the Open Door in the Far East that largely side-lined the Qing dynasty and the Chinese government as puppets, the Roosevelt administration considered American republics as co-guarantors of the Monroe Doctrine. In 1906, Root travelled to Brazil, Uruguay, Argentina, Chile, Peru, Panama, and Colombia to “dispel [the] unfounded impression” that the United States sought to make protectorates of their neighbours. As evidence of his resolve, Root secured invitations for Latin American countries to the 1907 international peace conference in The Hague. He also hosted a regional peace conference in Washington for small Central American countries and helped establish the first American Court of International Justice. But despite these summits and the secretary’s encouragement of an American dialogue, the big stick still represented a continuation of the Open Door’s inter-imperial schema. Enforcement fell to those countries that had capacity to implement the policy, and in the Americas that meant the United States. Roosevelt’s decision to enforce peace and manage economic stability in the hemisphere dispensed with Hay’s notion of mutual respect as sufficient to compel adherence. It likewise paved the way for the United States to consign insolvent states to bystanders in their own affairs, more so than even the Chinese after the Boxer rebellion. The United States would determine if a threat existed and how to confront it, making big stick diplomacy a radically expanded interpretation of the Open Door policy.<sup>15</sup>

When Roosevelt left office in 1909, pundits, policy makers, and business people hailed the Corollary as a model solution for economic and political stability in the western hemisphere. Root’s deft statecraft provided a modicum of agency for the Latin American republics, even if the United States retained the right to intervene. The Roosevelt-appointed customs receiver in the Dominican Republic announced “a new era” and proclaimed that the United States successfully shed “the last vestige of formidable revolutionary tendencies”

in the Caribbean and created a level playing field for international commerce and trade. Many Latin American leaders hailed the policies with comparable enthusiasm, but the evolution of the Open Door exposed the region to a lurking prospect that the United States would increasingly interfere in the region.<sup>16</sup>

### ***Substituting Dollars for Bullets***

William Howard Taft, Roosevelt's successor, supported big stick diplomacy although he put an even greater emphasis than his predecessor on financial engineering to ensure global stability. The success of the Dominican customs receivership convinced Taft that the slightest intimation of military intervention was enough to induce obedience to US hegemony. Roosevelt and Root disagreed, and warned the Taft administration that the exercise of power required the willingness of a president to follow through. Taft, content with the assumption that US financial power and blustery rhetoric was as effective as military intervention, persuaded private investors to play an increasingly active role in foreign relations while portraying his policy as entirely consistent with Roosevelt's. Like Roosevelt, he referred to the Open Door as the accepted policy for China and the recognized basis for Latin American relations. "If no South American State can be permitted to encumber the trade passing by way of Panama," Taft's *Campaign Textbook* affirmed, "neither should it be possible to have the great neutral markets [of China] to which this trade is destined." His campaign called for "an emporium of trade" reliant on peace and order in Shandong as well as the Caribbean. To achieve this, the administration encouraged private loans made by American financiers as a way to "bring peoples and governments closer together and so form bonds of peace and mutual dependency." In his first annual message Taft celebrated this as "a practical and real application of the open door policy."<sup>17</sup>

The emphasis on private capital derived, in part, from the accumulation of wealth that occurred during the period of rapid economic growth following the US Civil War. In the 1890s particularly, American investment banks helped the United States increase its stake in foreign markets where speculation on high-risk ventures promised untold profits. The capacity and willingness of Americans to invest abroad matched the insatiable appetite for new loans, bond sales, and refinancing in the developing world. Even European powers began to look to the United States for credit. As investments mounted, American bankers took a “managerial” interest in how foreign borrowers spent their money, their chief concern being the avoidance of political and social volatility. Revolution stymied profits and triggered defaults. To abrogate losses and defend their interests, American investors often looked to their government for support and, in turn, the federal government began to look at investors as agents of foreign policy.<sup>18</sup>

Taft’s appointments to key foreign policy positions reflected this turn. He chose Philander Knox as his secretary of state after Root refused to stay on. A corporate lawyer with close ties to the railroad and steel industries, Knox shared the same worldview as his chief and saw the collaboration of private enterprise and government as an innovation capable of “manifestly inspiring all nations in their relations.” Knox denounced the use of the military to enforce international order and insisted that in most cases, foreign affairs could be managed by “sound finance” or the issuance of targeted loans. This did not rule out armed intervention as a last resort, particularly in Latin America where the United States had taken up the role of hemispheric guardian, but Knox aimed to limit military adventures. He intended to replace intervention with investment, and use loans to wedge the door open, a shift of emphasis he believed would occasionally produce “passing points

of friction,” and require “vastly increased responsibilities,” but that would ultimately increase political and social stability.<sup>19</sup>

Knox appointed Francis Huntington Wilson as his deputy, a choice that revealed the Taft administration’s confidence in fiscal power. Huntington Wilson served in diplomatic posts in Eastern Europe and South America before leapfrogging more experienced civil servants to become assistant secretary. His strong advocacy of “substituting dollars for bullets” caught Knox’s attention. In fact, Huntington Wilson nicknamed the integration of private capital with statecraft “dollar diplomacy,” a phrase that came to embody Taft’s foreign policy. With his encouragement the State Department established the Division of Latin American Affairs, an office that supported private financiers to issue loans south of the border and realize “fixed national policies” like the Monroe Doctrine and the Open Door. Styled as “energetic and hardworking,” the assistant secretary had an equivalent “genius for antagonizing people” and regarded Latin American societies as contemptible civilizations in need of reordering. Dollar diplomacy took up the White Man’s Burden by ensuring economic solvency, but took less seriously the cooperative, even symbiotic, approach toward Latin America championed by Roosevelt and Root.<sup>20</sup>

The Taft administration took its first opportunity to apply dollar diplomacy in Honduras, a country with a total indebtedness of more than seventy times its annual income. Having endured seven revolutions in the fifteen years prior to 1909, and without any substantial public infrastructure, the prospect of further domestic unrest loomed. So did the potential for European intervention as foreign investors sought to recover losses. Honduras owed the bulk of its debt to Great Britain and in the first months after the Taft administration took office Huntington Wilson recommended a refinancing scheme in order to prevent British intervention in the area. He persuaded the JP Morgan Bank to acquire

British-owned Honduran bonds and guaranteed the investment by way of a customs receivership administered by the US government. The takeover of customs houses relied on the precedent set by the Roosevelt administration, but unlike the speedy resolution of the Dominican crisis in 1904, Taft's intervention in Honduras dragged on without conclusion. After nearly three years of negotiations the loan contract collapsed when a 1911 revolution again plunged Honduras into chaos. Bankers that once saw promise in the loan subsequently withdrew their offers.<sup>21</sup>

Instead of admitting failure, Huntington Wilson blamed the Honduran crisis on another factor: Nicaragua's President José Santos Zelaya. Locked in a perilous rivalry with Guatemalan dictator Manuel Estrada Cabrera, Zelaya cultivated allies throughout the region and destabilized surrounding states by encouraging military activity aimed at installing puppet governments kept in power by American assistance. Honduras repeatedly succumbed to Zelaya's machinations. Beyond the Central American power struggle, Zelaya also frustrated the State Department when he refused to arbitrate commercial claims on lumber concessions held by American citizens, took sizable loans from European lenders, and solicited bids for a competing trans-isthmian canal. Many Nicaraguans had their own grievances with Zelaya who tenuously held together the country's factious political system for sixteen years, but alienated powerful groups in the process. His military ambitions distracted the government from internal improvement programmes, and systemic corruption eventually stoked a revolution in 1909. Huntington Wilson "openly sympathized" with the revolutionaries and Taft censured Zelaya in his first annual message to Congress. The Taft administration supported Juan Estrada as Zelaya's replacement, a rebel governor in the eastern port of Bluefields who openly courted United States intervention and investment. Consequently, more than a million dollars flowed from New York banks to

Estrada during the revolution and, when the rebellion looked like it was about to collapse, the United States landed naval troops to support it. After a year of turmoil, Estrada assumed the presidency and Taft's government instantly recognized it.<sup>22</sup>

In the wake of the revolution, and with a receptive government in Managua, the State Department extended a fresh offer of financing to stabilize the new Nicaraguan state. Indistinguishable from the Honduran loan offer the United States agreed to facilitate a private investment scheme to pay for Nicaragua's infrastructure projects and help the administration settle the debts and damages claims that stemmed from the revolutionary crisis. The loan would be guaranteed by revenue collected from customs duties, which would then be managed by US agents and secured against a new national bank and the major railroad in the country. Taft expected a similar result to the one Roosevelt achieved in the Dominican Republic, but important differences in the cases prohibited this. Foremost, the Taft loan aimed to replace European debt with American debt rather than pay off Nicaraguan obligations with customs revenue. Moreover, Nicaragua had not defaulted on its loans. Unlike Honduras or the Dominican Republic, the Zelaya government maintained a surplus and a stable balance of payments. Without a default, the threat of European intervention to recoup losses did not exist. Instead, the Taft administration's loan served largely to ensure that American commerce would expand in the region. Although emulating the Roosevelt Corollary, dollar diplomacy did not promote an open door for foreign powers; it extended US influence by replacing foreign dependency with American control.<sup>23</sup>

Because the circumstances in Nicaragua and the objectives of dollar diplomacy differed so discernibly from the situation in the Dominican Republic, the effects of Taft's policy diverged from Roosevelt's. The Nicaraguan loan failed to stabilize the political position of Estrada or the economic state of affairs. On the contrary, the surplus accrued

under Zelaya depreciated quickly into a deficit and within months of taking office Estrada had run up expenses so high that the state required another round of refinancing. The unpopularity of the loan led to another change of government and a new president – Adolfo Díaz – less than a year after Estrada’s ascent. Instead of steadyng the Nicaraguan ship, dollar diplomacy destabilized it, so much so that the country plunged back into revolution in 1912. At the request of the Díaz government, the United States intervened. Taft sent over 1,000 marines to protect American lives and property and “likened the situation to the Boxer rebellion in China.” The rebellion ended in 1912 with Díaz’s government fortified by a permanent detachment of US marines encamped in the Nicaraguan capital. Stationed there until 1924, the marines kept the peace, but brought into question the feasibility of dollar diplomacy.<sup>24</sup>

The Nicaraguan intervention demonstrated that no matter how much capital was made available to refinance debts, enforcing the Open Door required a military commitment. This splintered the fragile US domestic consensus on foreign policy. Whereas imperialists and anti-imperialists found elements of the Open Door laudable in earlier incarnations, Philander Knox's approach irritated both groups. Anti-imperialists found it difficult to support loans so blatantly designed to benefit American business interests, and complained that dollar diplomacy increased the risks of militarism and anti-Americanism. Anti-imperialists applauded Root's statecraft because it eased the anxieties of Latin Americans toward the United States. Knox's loan agreements, however, merely displaced the dependency of European capital with a reliance on American capital. Dollar diplomacy simultaneously reawakened Latin American fears of a covetous northern colossus and stoked anxieties of imperialists because the policy had the potential to destabilize the region. Republican newspapers once loyal to Taft now claimed his administration

jeopardized long-term economic security in the Americas. As Taft neared the end of his time in office, a bipartisan majority in the Senate refused to ratify the Honduran and Nicaraguan loan agreements negotiated by his administration, leaving dollar diplomacy to languish in a state of neglect before the pivotal 1912 presidential election.<sup>25</sup>

In China, dollar diplomacy followed a similar course. Much like the impact of Huntington Wilson on Latin American policy, the investment banker and customs agent Willard Straight, who served as head of the State Department's Division of Far Eastern Affairs under Taft, personified the marriage of private capital and statecraft. Straight had exceptional credentials having spent years as a consular officer in Manchuria where he reported on hostilities during the Russo-Japanese War. Even more attractive than his personal experience, Straight's grasp of the economic landscape made him a stand-out candidate. In 1909 he completed an analytical survey of key trading areas that pinpointed the best places for the "possibility of an advantageous introduction of American capital."<sup>26</sup>

The Open Door, as championed by Hay and Root, facilitated the United States' entry into the China market, promoted equality of opportunity there, and attempted to inculcate healthy economic competition in an effort to avoid the lust for colonial expansion. Dollar diplomacy as a variant of that policy upheld anti-colonialism in principle, but radically reconsidered the idea of equal commercial opportunity. Taft "proposed to invigorate" the Open Door and "slough off the inherent limitations of that doctrine" by forcefully injecting American capital into well recognized foreign spheres of influence. So instead of competing for a share of the market and proceeding cautiously, as Roosevelt had done, the Taft administration deployed private capital to expand US strategic interests at the expense of competing powers. In Manchuria, where American traders sought to rival those from Japan and Russia, dollar diplomacy insisted upon commercial parity. This ran contrary to

Roosevelt's parting recommendation to Philander Knox on the matter of Far Eastern policy. Fearful of Japan's "most formidable military" and considerate of its interests in China, Roosevelt advised Knox to "treat Japan so courteously that she will not be offended." Yet from the outset that guidance went unheeded. The State Department targeted investment in Manchuria and the Yangtze River basin and appointed diplomats to the region that had well-known anti-Japanese proclivities.<sup>27</sup>

The Hankou-Sichuan (Hankow-Szechuan) railway loan provides an excellent example of how dollar diplomacy undermined inter-imperial comity and, by extension, the Open Door idea. Of the most lucrative foreign ventures in the Far East, railroad construction topped the list. Foreign powers negotiated with the Chinese government for concessions and until 1905 operated nearly all the major railroads. After 1905, the Qing government allowed provincial Chinese authorities to raise funds and organize construction rights entirely from Chinese investment, a reform that promised locals a chance to earn profits from railroad construction and would give China as a whole a degree of independence from the foreign powers. Provinces raised taxes and rallied investors, but they failed to raise sufficient capital for construction to proceed and the Qing government was forced to turn back to foreign creditors for assistance. One of the largest railway projects of the era proposed a line that connected the capital of Sichuan province in the east with Hankou in the west, a path that followed the Yangtze and stopped at important cities along the river's path. In 1908, China approached British and French bankers who enthusiastically offered a loan. Eager not to be left out, German financiers demanded to join the lending team. American bankers at first rejected the opportunity, believing that their capital would find greater return if invested in the domestic US market, but the European consortium rattled the State Department. Convinced that control over private capital would inevitably lead to

political supremacy, the Taft administration pushed for a share of the railroad loan on behalf of American banks. Even if it did not make sense to private investors, Taft believed investment in the railway made strategic sense to the United States.

The State Department's Division of Far Eastern Affairs, at the request of Secretary Knox, protested to the Chinese government that the European loan consortium contravened the Open Door policy on the grounds that it excluded American capital. Simultaneously, the State Department formally objected to European powers. Knox instructed ambassadors in London, Berlin, and Paris to "point out the menace ... likely to ensue from the lack of proper sympathy" given to American interests. Invoke the Open Door, he told the ambassadors, and make the foreign powers accept "the principle of equality of commercial opportunity." The demand seemed ludicrous to European governments. American bankers had ample opportunity to invest in China's railway projects, but chose to abstain. Only after the intervention of the State Department did a group of bankers led by JP Morgan meet to underwrite a competitive financing offer. Reluctantly, and only after President Taft personally appealed to the Chinese monarchy, the European powers agreed to allow American bankers to join the consortium.<sup>28</sup>

The Taft administration celebrated the settlement as a "fresh guaranty for the policy of the Open Door," but the loan disturbed the inter-imperial equilibrium. German bankers blasted the intrusion and the French considered it senseless, especially given the small stake the American bankers took. The State Department's persistence caused a minor rift in Anglo-American relations and, by relying on the language of the Open Door policy, the Taft administration stirred Russian and Japanese demands for similar rights to participate in loan deals. Russia could not finance its own railways, yet insisted on a share of the Chinese loan; Japan even proposed borrowing from European lenders to purchase a stake. The newly

minted Euro-American banking consortium rejected Russian and Japanese demands. With no means of resisting the excluded powers protested in vain, making clear that tensions had been raised on all sides.<sup>29</sup>

In Tokyo and St. Petersburg the consortium aroused “a suspicion of evil motives” – a belief that Europe and the United States aimed to extend its reach to other commercial activities in China. To mitigate these apprehensions, Secretary Knox proposed the neutralization of Manchuria’s railroads, a plan conceived by Huntington Wilson and Straight that would allow China to retain ownership of the tracks while “all the powers would be equitably interested in the finances.” Although the State Department presented the scheme as an opportunity for Japan and Russia to share railroad investments with the other world powers, Tokyo and St. Petersburg already claimed rights to exclusive commercial access in Manchuria. Knox’s neutralization plan thus threatened their perceived suzerainty and only exacerbated their unease. Nevertheless, China accepted the proposal in the autumn of 1909 and the State Department encouraged European powers to embrace it. Knox billed it as the latest evolution of the Open Door idea, but in reaction to Taft’s meddling in the Hankou-Sichuan loan, and in deference to Russian and Japanese interests, the European governments refused to accept the plan. Japan and Russia rejected the proposal outright: the only point of genuine agreement the two countries had reached since the Portsmouth Treaty in 1905.<sup>30</sup>

Dollar diplomacy proved as disastrous for the Far East as it had for Latin America. The railroad neutralization policy and the financing arrangements for the Hankou-Sichuan line caused animosity, not amity. But just as Knox refused to admit defeat in the loans for Honduras and Nicaragua, he persisted in promoting loans for American bankers in China. Certain that private capital remained the “sturdiest instrument” for creating American

opportunities in the Far East, Knox spearheaded the State Department's 1910 proposal for a \$50 million loan to help China reform its currency. Before the loan negotiations began, however, the effect of constant foreign meddling and mismanagement of previous loans reached a critical point. A broad-based social revolution erupted in 1911 and culminated with the overthrow the Qing dynasty. Chinese nationalists established a republic and the new government renegotiated with foreign powers for more favourable loans. In many ways the revolution resembled the Boxer uprising a decade earlier. Inspired by the economic and military intrusions of foreign powers, the Chinese reacted with violence and upheaval. Again, the Open Door proved an irritant rather than a balm.<sup>31</sup>

Dollar diplomacy not only incited foreign revolutions, it sparked a progressive "revolution" in American politics. Former President Theodore Roosevelt, frustrated with his successor's policies at home and abroad, ran for a third term as president. After losing the Republican nomination, Roosevelt launched the Progressive Party, billing himself as an alternative to Taft. The Progressives made little mention of foreign relations, targeting mainly domestic issues that included women's suffrage, direct election of senators, electoral recall, social welfare, healthcare, environmental conservation, and labour rights. Even so, Roosevelt condemned Taft's mismanagement of the Open Door in China and the dollar diplomacy that led to such instability in Latin America. The 1912 election fused domestic and foreign politics by making an issue of directly invested private capital. Progressives voiced a common perception, that financial tycoons had grown all too powerful at home and abroad. Throughout the 1910s, Congress formally investigated the role of banks and private lenders and found "a vast and growing concentration and control of money and credit in the hands of comparatively few men." The investigations denounced the "money trust" as a subversive force in the domestic sphere and made comparisons to Taft's use of

private capital in his foreign policy. This political context led Democrats to nominate their own progressive candidate, New Jersey Governor Woodrow Wilson, who shared an analogous platform to the breakaway Roosevelt.<sup>32</sup>

Of the three candidates that ran for chief executive in 1912, Wilson had the least experience in foreign relations and admitted that it “would be the irony of fate if my administration had to deal chiefly with foreign affairs.” Two years as governor of New Jersey, eight years as president of Princeton University, and an academic career interpreting congressional and parliamentary power had not prepared Wilson for international statecraft. His policies sprung from the intellectual discourse of the era, including the ideology of racial hierarchies that constructed a dichotomous world of civilized western peoples and inferior non-white societies. However, Wilson’s moral and religious convictions inspired him to promote American-styled liberties and democracy and denounce colonization. Among his many promises, Wilson declared his foreign policy would be “based upon justice and good will rather than upon mere commercial exploitation and the selfish interests of a narrow circle of financiers extending their enterprises to the ends of the earth, and the extension of the assistance of the government to those many programs.” In short, Wilson vowed to dismantle Taft’s policies and the rethink the relationship between the State Department and private capital.<sup>33</sup>

Roosevelt and Taft split the Republican vote, giving Wilson a narrow plurality. The new administration proceeded apace to withdraw from the banking consortium in China, the most obvious instance of dollar diplomacy. The Chinese revolution and the inter-imperial friction generated by the consortium led the president to conclude that Taft’s orchestrated loan agreements “touch very nearly the administrative independence of China” and “might conceivably go the length, in some unhappy contingency, of forcible

interference in the financial, and even the political affairs of that great Oriental state.” Meanwhile, Wilson recognized China’s new republican government, an act the Taft administration refused to consider. These decisions pacified domestic opponents of dollar diplomacy. Anti-imperialist Wisconsin Senator Robert La Follette cheered: “Humanity is to be placed higher than Prosperity in our international affairs. Patriotism is to be given precedence over Profits. National honour is to count for more than trust aggrandizement.”

The decision to leave the consortium momentarily concerned imperialists, but Wilson stressed his intention to stimulate competitive trade in China through other means. “There is nothing in which I am more interested,” the president told the National Foreign Trade Convention, “than the fullest development of the trade of this country and its righteous conquest of foreign markets.” How he intended to achieve this remained a mystery in 1913.<sup>34</sup>

Withdrawal from the banking consortium sounded an alarm among world powers who began to wonder if the first Democratic president since Grover Cleveland planned to end the Open Door arrangement. After all, dollar diplomacy sprung from the Open Door and Taft had pushed for the China loan consortium using the rhetoric of cooperative equality among world powers. Wilson had every intention of maintaining the Open Door. In his mind, John Hay’s policy provided the United States with a legal right to compete with foreign powers in China’s markets, but not an obligation to cooperate with them. He derided Taft’s dollar diplomacy as a perversion of the original policy. The banking consortium denigrated “the proud position which America secured when Secretary Hay stood for the Open Door,” Wilson told his cabinet. Among the first instructions his State Department gave to overseas ministers was to promote “the open door” as “a door of friendship and mutual advantage.” In spite of his harkening back to Hay, Wilson used

different language and tactics. While Hay called for “mutual assurances” and “mutual respect,” making the case for collaboration and consultation, Wilson, by contrast, sought “mutual advantage” and described hearty competition among the foreign powers as a natural and healthy state of affairs.<sup>35</sup>

Willard Straight lamented the decision to leave the consortium and Wilson’s disavowal of collaborative ventures. “We ourselves are out of the game,” he mourned, but consoled himself that his grief would prove fleeting. Dollar diplomacy, he steadfastly insisted, “has been so essentially sound that it will not only be justified by future events but ... it will assert itself to such a degree that even this Administration will be forced eventually to adopt more or less the methods of its predecessor.” By the end of Wilson’s first term, Straight’s assertion never seemed more prescient.<sup>36</sup>

### ***Dollars and Bullets***

William Jennings Bryan, the perennial Democratic nominee for president, took over from Philander Knox as secretary of state in 1913. His appointment, a political move designed to unite the Democratic Party, initially complemented Wilson’s foreign policy ethos. Guided by his religious convictions, Bryan opposed the acquisition and colonization of the Philippines after the War of 1898 and, like Wilson, considered the economic dependency of dollar diplomacy to be un-American and un-Christian. Instead, Bryan supported missionary activism and cultural expansion because to his mind these endeavours promoted good government and self-sufficiency. As a self-proclaimed pacifist Bryan refused to support military intervention at all, and after the 1912 election declared his sole intention “to promote international peace and good will.” He played an integral part in Wilson’s decision to disband the Chinese banking consortium and undertook to make the United States “the

supreme moral factor in the world's progress." Bryan held the Open Door idea in high esteem and considered it the key to preserve China's territorial and political integrity while simultaneously allowing the United States to spread its culture and influence.<sup>37</sup>

The outbreak of World War I tested Bryan's confidence in the Open Door. In China, the tenuous peace that held after the Russo-Japanese War faltered under the pressure of imperial enmity. Bryan made a desperate bid to maintain peace in August 1914 by proposing to exclude the Far East from the war. He called on all foreign powers to accept the regional status quo and declare the existing zones of imperial power to be beyond the scope of the European war. The scheme broke down almost immediately. In October, Japan invaded Shandong, the German sphere of influence. As an ally of Britain, the Japanese had strong support from the Allies to increase their hold over northern China, and their rapid victory led the Japanese to make new demands on the Chinese government for greater control over railroad contracts, mining interests, and the right to settle large populations in Shandong. The demands patently breached the Open Door, but in the context of the Great War Japan experienced little resistance from China, the United States, or the other foreign powers.<sup>38</sup>

Japanese aggrandizement frustrated American Minister to China Paul Reinsch, a diplomat described as "one of the nation's most forceful advocates" of the Open Door idea. Reinsch worried that Japanese imperialism weakened China and diminished the potential for American commercial activity. A professor of political science at the University of Wisconsin, Reinsch took on the China mission with zeal, eager to promote the economic potential and develop the nascent republic into a model democracy. Dollar diplomacy and the Open Door idea failed in China "not because the strategy was faulty," Reinsch claimed, but because previous administrations had not properly implemented it. Like Wilson, Reinsch

opposed the use of military force or economic leverage to wedge the Chinese door open; he insisted that independent economic brokerages could achieve the same ends if managed appropriately. He, more than Wilson or Bryan, believed that private capital should play a central role and outlined a five-point program that resembled Taft's dollar diplomacy. Reinsch enlisted economic attachés to coordinate the work between diplomatic officers and private investors, called for the establishment of brokerage houses run by Americans, American marketing associations, American investment companies, and an all-American banking consortium. The minister's proposal essentially revived dollar diplomacy and reasserted the potential benefits of marrying private capital with statecraft. Despite the emphasis on independent action and competition in the China market – as opposed to the inter-imperial cooperation that characterized Taft's policy – Reinsch's plan realized Williard Straight's prophecy and effectively resumed dollar diplomacy in a slightly altered guise.<sup>39</sup>

A good example of how the Wilson administration revived Taft's foreign policy came in 1914 when the Chinese government sought financing to channel the Huai River basin. The river flooded regularly, the foremost cause of destitution, crop failure, and famine in central China. Reinsch reported to Bryan that a conservancy project offered American banks substantial profits. Meanwhile the project provided the Wilson administration with an enterprise to present the Open Door idea as a benevolent, humanitarian, and anti-imperial policy. The president endorsed the investment and dubbed the United States a "disinterested" party helping "a great nation just awakening." An all-American banking consortium (including the National City Bank, Bank of New York, and the recently organized American International Corporation) financed the river works with a \$20 million loan, but much to Reinsch's frustration the bankers refused to issue the loan without consulting international partners. Doing so ran counter to the idea of an independent, all-American

investment policy and when news of the exclusive American loan circulated among the other Open Door nations, protest mounted. The Japanese particularly disputed the loan, having acquired the rights to commercial exclusivity in the Shandong region from Germany. The Japanese foreign office insisted it held a right of first refusal on all public works. When the American banking consortium refused to contest the Japanese claim, the project came to a standstill. Reinsch chastised American bankers for failing to maintain their independent course.<sup>40</sup>

In Latin America dollar diplomacy also resurfaced at this time and the Wilson administration acted even more forcefully in its own “backyard.” In Nicaragua, Bryan and Wilson redrafted the terms of the Taft loan and reduced the interest payable to American bankers. The refinancing made repayment more likely and kept Nicaragua from seeking investment from Europe. In turn, the new loan authorized the United States to intervene in any future revolutions, a clause that guaranteed Nicaragua’s incumbent political order. For American investors the assurance made the loan a safer bet, but Central American states saw the move as a power grab to establish another protectorate in the region. The loan generated mixed feelings in the United States where Senate anti-imperialists balked at the insinuation of an open-ended military commitment. Even former Secretary of State Elihu Root, by now a senator, urged the Wilson administration to find an alternative way of maintaining order in Nicaragua. Ultimately, this domestic opposition led the United States to issue a loan without a pledge to protect the American-friendly regime. The final loan package was indistinguishable from Taft’s proposal years earlier. Despite being staunchly resisted by most politicians, dollar diplomacy triumphed.<sup>41</sup>

American politicians and the public clearly opposed the use of force to maintain stability in the Americas, and yet Wilson came to rely on military intervention as much as

the financial power of dollar diplomacy to quell revolutions and extend the Open Door idea. In Haiti, perhaps the most unstable government in the Caribbean where the presidency changed hands eight times over the course of the 1910s, the Wilson administration adopted a “dollars and bullets” policy. When the US minister reported to Secretary Bryan in January 1914 that Haiti’s political situation appeared “exceedingly grave,” Wilson approved the deployment of a navy cruiser and opened negotiations to refinance the country’s debt. He aimed to take the same action as Roosevelt in the Dominican Republic – by suppressing a civil war and staving off any potential foreign interventions. But unlike the Dominican situation, the Haitian government had not defaulted on its debts and made no request for the United States to take over its internal affairs. Additionally, European countries that previously supported Roosevelt now objected to Wilson’s interference. As a result of the considerable resistance, the prospect of a US administered customs receivership languished. Haiti plunged deeper into civil war, until December 1914 when Wilson ordered the marines to confiscate half the country’s gold reserve in order to secure American investments. The seizure destabilized the government and within months a fresh round of violence erupted, climaxing in July 1915 with the execution of political prisoners and the gruesome mutilation of Haiti’s president.<sup>42</sup>

The murder of the Haitian president prompted Wilson to order an invasion to re-establish order. Marines flooded the Haitian capital, Port-au-Prince, and occupied major military installations, including the ports. The United States organized a new police force and within a month of the invasion, supervised a new presidential election. A month later, the two countries signed a treaty gave the United States control of the customs houses, ensured a supervisory role over revenue and expenditure, and obliged the new Haitian government to adhere to the principles of constitutional democracy. Most importantly, the

United States retained the right to intervene in Haiti's internal affairs if the government failed to meet US terms. The US Senate, so resistant to economic or political protectorates only a few years earlier, ratified the Haitian deal, fearing the country would become a target for German ambitions in the region. Reports that Germany coveted a port in the Caribbean, canal rights in Panama, and was funding armies in South America thus gave Wilson considerable latitude in how he enforced the Monroe Doctrine.<sup>43</sup>

In fact Wilson relied on military force to impose order in the western hemisphere far more than Taft or Roosevelt despite his professed animus for military intervention. He stationed troops in Panama and re-occupied the Dominican Republic, but the intervention most emblematic of Wilson's desire to maintain US access came during the Mexican revolution – a multi-faceted political and social upheaval that began in 1910. US-Mexican relations reached a turning point when Wilson refused to recognize the military dictatorship of Victoriano Huerta. In 1913, local officers loyal to Huerta mistakenly imprisoned American sailors near the port city of Vera Cruz. The Americans were suspected of arms trafficking. In retaliation, Wilson ordered the invasion of the port. The occupation lasted for several months and, coupled with internal political pressures, resulted in the resignation of Huerta. Wilson eventually gave his support to Huerta's rival and successor, Venustiano Carranza, which subsequently sparked cross-border fighting with Pancho Villa, a former US ally who believed he had been abandoned and betrayed with Wilson's decision to recognize Carranza. Villa staged hit-and-run attacks on Americans in northern Mexico and across the border in New Mexico. In turn, Wilson ordered a year-long 5,000 man expedition to capture Villa and stop the borderland raids. The eleven month punitive intervention failed on both counts. When British Foreign Minister Edward Grey asked Wilson what his Mexican policy

aimed to achieve, the president responded, "I am going to teach the South American republics to elect good men."<sup>44</sup>

Convinced that democratically elected governments in Latin America, along with American investment, would preserve peace and tranquillity, Wilson exchanged Taft's policy of substituting dollars for bullets with a policy of dollars *and* bullets. While his tactics differed from his predecessors, the purpose of Wilson's policy remained the same: to create a safe environment for American capital and western civilization. By the end of his first term, the China consortium he sought to obliterate was reincarnated, his high-minded principles of morality and goodwill dashed by multiple military interventions, and the break with Taft's dollar diplomacy shown to be only superficial. Wilson called for a return to John Hay's original policy and embraced the idea of commercial access to foreign markets, but more than Roosevelt and Taft, he sought to exclude competing foreign powers. The all-American banking consortium, as envisaged by Paul Reinsch, as well as the dollars for bullets policy in Latin America, replaced foreign capital with American capital. In addition, Wilson's statecraft introduced the expectation that foreign countries would adopt representative governments following the US model. His recognition of the Chinese republic anticipated the emergence of democracy in the Far East and the interventions in Latin America imposed quasi-democracies as a prerequisite to American aid. Rather than simply follow Hay's version of the Open Door idea, Wilson stretched its meaning and included a new political dimension.<sup>45</sup>

### ***Conclusion***

The Open Door policy evolved during the Progressive Era. The administrations of Theodore Roosevelt, William Howard Taft, and Woodrow Wilson attempted to strengthen the Open

Door by developing new ways of enforcing it. The Roosevelt Corollary envisioned unprecedented solutions to Latin American crises. Backed by the threat of armed intervention, the United States forced European creditors to seek arbitration to recoup losses in Venezuela and in the Dominican Republic US agents occupied the customs houses and directly marshalled foreign claims. Intervention maintained economic and political stability in the hemisphere and Roosevelt equated the result as a victory for the Open Door in the Americas. He even associated the German demands in Venezuela with German demands in Shandong. Although the Open Door idea applied in both geographies, Roosevelt acted with greater aggressiveness in the Americas. His aversion to intervention in China, based on geopolitical considerations, vanished when he considered maintaining the Open Door in Latin America. The close proximity and deep vested interests of the United States made enforcing order paramount in the western hemisphere.<sup>46</sup>

Although Roosevelt instigated few military interventions during his presidency, the administration's threat to do so distressed Latin Americans. Roosevelt's successor also intended to avoid armed incursions, unless absolutely necessary. Taft designed his policy to use America's economic infrastructure to keep the door open and he proposed customs receiverships for Nicaragua and Honduras modelled on Roosevelt's intervention in the Dominican Republic. These intrusions destabilized Central America. Consequently, dollar diplomacy was forced to rely on military force to provide political and economic order. Dollar diplomacy also perverted the Open Door in China. First, it imposed an ethos of commercial equality, rather than commercial opportunity. The McKinley and Roosevelt administrations refused to enter negotiations for concessions on behalf of American businesses on the grounds that equal opportunity meant private capital would need help from the State Department to properly compete for Chinese concessions. Taft, to the

contrary, treated private capital as an agent of American statecraft. Second, dollar diplomacy caused friction among world powers whereas Hay's Open Door aimed to generate agreement. The irritation of European powers during the banking consortium negotiations and the Russian and Japanese anger over Knox's neutralization plan demonstrates that point.

Taft's variant to the Open Door idea appeared to end after the 1912 election, but Woodrow Wilson's inexperience in foreign relations led him to rely on dollar diplomacy as much as his predecessor. In fact, Wilson's understanding of the Open Door imagined American capital as an instrument of diplomacy. The collaborative and cooperative Open Door of Republican administrations was replaced with a Democratic version that valued independent economic action and reviled military intervention, but the realities of international relations soon caused such high-minded beliefs to collapse. Wilson used the military to open doors in Latin America more than Roosevelt or Taft; and in China an independent banking consortium buckled quickly in the face of international pressure.

Historian Michael Hunt points out that the Open Door idea had not yet become a doctrine in the same way as Monroe's 1823 annual message to Congress. It was, however, ensconced in diplomatic rhetoric and ideology. The policy did not migrate from McKinley to Roosevelt, to Taft and Wilson. It drifted. Commercial access and territorial integrity, as steadfast precepts of United States foreign policy persisted in the Progressive Era and the Open Door symbolized adherence to these ideas. Historians Emily Rosenberg and Jerry Israel have demonstrated that while the era's presidents often criticized each other's decisions, they "clung to the open door tradition" and accepted the basic ideological principles of commercial access and territorial integrity because it suited political interests. The 1912 election represented the high watermark of the Open Door's success. Although

some scholars like William Leuchtenberg have argued that Roosevelt progressives took no issue with Taft's foreign policy, the Bull Moose Party that challenged the political establishment in the United States matched the international contempt for dollar diplomacy. It represented a Republican schism in foreign policy thinking and the election of 1912 demonstrated clear disparities among leading politicians on how the Open Door should be deployed and enforced. Access and integrity in foreign markets required military force, Roosevelt argued, and although Taft and Wilson disagreed, their administrations relied on the military to achieve a variant of the Open Door.<sup>47</sup>

<sup>1</sup> Michael H Hunt, *Frontier Defense and the Open Door: Manchuria in Chinese-American Relations, 1895-1911* (New Haven: Yale University Press, 1973), 34.

<sup>2</sup> "Reply of Mr. Root," *Latin America and the United States; Addresses by Elihu Root, Robert Bacon and James Brown Scott*, eds. (Cambridge: Harvard University Press, 1917), 132.

<sup>3</sup> George A. Finch, "American Diplomacy and the Financing of China," *American Journal of International Law* 16, no. 1 (January 1922): 28.

<sup>4</sup> Michael Patrick Cullinane, 'Imperial "Character": How Race and Civilization Shaped Theodore Roosevelt's Imperialism', in *America's Transatlantic Turn: Theodore Roosevelt and the 'Discovery' of Europe*, ed. Hans Krabbendam and John M Thompson (New York: Palgrave Macmillan, 2012), 31–49; Gary Gerstle, 'Theodore Roosevelt and the Divided Character of American Nationalism,' *The Journal of American History* 86, no. 3 (1999): 1280-1307.

<sup>5</sup> Jay Sexton, *The Monroe Doctrine: Empire and Nation in Nineteenth-Century America* (New York: Hill and Wang, 2010), 47–84, 89–92, 141–55.

<sup>6</sup> Richard Olney to Thomas Bayard, 20 July 1895, *Foreign Relations of the United States* (1895), 558; Serge Ricard, "The Roosevelt Corollary," *Presidential Studies Quarterly* 36, no. 1 (March 2006): 17–26.

<sup>7</sup> Theodore Roosevelt to Hermann Speck von Sternberg, 12 July 1901, *Letters of Theodore Roosevelt*: 3, 116; Edmund Morris, *Theodore Rex* (New York: Random House, 2001), 177–82.

<sup>8</sup> Nancy Mitchell, "The Height of the German Challenge: The Venezuela Blockade, 1902–3," *Diplomatic History* 20, no. 2 (April 1996): 185–210; Serge Ricard, "The Anglo-German Intervention in Venezuela and Theodore Roosevelt's Ultimatum to the Kaiser: Taking a Fresh Look at an Old Enigma," in *Anglo-Saxonism in U.S. Foreign Policy: The Diplomacy of Imperialism, 1899–1919*, ed. Hélène Christol and Serge Ricard (Aix-en-Provence: Publications de l'Université de Provence, 1991), 65–77; Theodore Roosevelt to William Roscoe Thayer, 21 August 1916, *Letters of Theodore Roosevelt*: 8, 1102; Roosevelt, Second Annual Message, 2 December 1902, *The American Presidency Project* (<http://www.presidency.ucsb.edu/ws/?pid=29543>); Frederick W. Marks, *Velvet on Iron: The Diplomacy of Theodore Roosevelt* (Lincoln: University of Nebraska Press, 1979), 42–7.

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<sup>10</sup> Theodore Roosevelt to Hermann Speck von Sternberg, 11 October 1901, *Letters of Theodore Roosevelt*: 3, 172–3.

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<sup>12</sup> Ibid.

<sup>13</sup> "The Santo Domingo Treaty," *New York Times*, 17 February 1905.

<sup>14</sup> Cyrus Veeser, *A World Safe for Capitalism: Dollar Diplomacy and America's Rise to Global Power* (New York: Columbia University Press, 2002), 126–42; Mary Ann Heiss, "The Evolution of the Imperial Idea and U.S.

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<sup>19</sup> Philander C. Knox, "International Unity," in *International Conciliation*, vol. 1 (Buffalo, NY: William S. Hein & Co., 1997), 423–33.

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<sup>24</sup> Munro, *Intervention and Dollar Diplomacy in the Caribbean, 189–216*.

<sup>25</sup> "Colombia After All Calls Off Knox Visit," *New York Sun*, 8 March 1912; "13 Dynamite Bombs Found to Blow Up Knox on his Visit to Nicaragua," *New York Evening World*, 20 March 1912; "Skit on T.R. and Taft Convulses the Senate," *New York Sun*, 22 May 1912.

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<sup>27</sup> Raymond A. Esthus, "The Changing Concept of the Open Door, 1899-1910," *The Mississippi Valley Historical Review* 46, no. 3 (December 1959): 444; Jerry Israel, *Progressivism and the Open Door: America and China, 1905-1921* (Pittsburgh: University of Pittsburgh Press, 1971), 60–82; Roosevelt to Knox, 8 February 1909, *Letters of Theodore Roosevelt*, 6: 1510–14.

<sup>28</sup> Scholes and Scholes, *The Foreign Policies of the Taft Administration*, 130–8; Knox to Whitelaw Reid, 9 June 1909 and Taft to Prince Chun, 15 July 1909, *Foreign Relations of the United States* (1909), 152, 178.

<sup>29</sup> David Jayne Hill to Knox, 16 June 1909, *Foreign Relations of the United States* (1909), 162.

<sup>30</sup> Ching-Chun Wang, "The Hankow-Szechuan Railway Loan," *The American Journal of International Law* 5, no. 3 (July 1911): 661.

<sup>31</sup> Knox to Whitelaw Reid, 6 November 1909, *Foreign Relations of the United States* (1910), 234–5; H. P. Davidson to Willard Straight, 6 November 1909, *Willard Straight Papers*, Reel 3, Cornell University.

<sup>32</sup> John Cooper, *The Warrior and the Priest: Woodrow Wilson and Theodore Roosevelt* (Cambridge, Massachusetts: Belknap Press of Harvard University Press, 1983), 206–227; "The Pujo Report," *New York Times*, 1 March 1913.

<sup>33</sup> H. W. Brands, 'Woodrow Wilson and the Irony of Fate', *Diplomatic History* 28, no. 4 (September 2004): 503–12; "Governor Wilson's Rally Day Message," *San Francisco Call*, 3 November 1912.

<sup>34</sup> "Wilson Upsets China Loan Plan," *New York Times*, 19 March 1913; "Dollar Diplomacy," *La Follette's Weekly Magazine*, 15 March 1912; President Woodrow Wilson Address, National Foreign Trade Convention 27–28 May 1914 (<http://www.nftc.org/?id=293>); Charles Vevier, *The United States and China, 1906-1913* (New York: Greenwood Press, 1968), 204–11.

<sup>35</sup> Israel, *Progressivism and the Open Door*, 103–11; Alvey Adey to American Diplomatic Officers, 19 March 1913, *Foreign Relations of the United States* (1913), 170–1.

<sup>36</sup> Willard Straight to Frank McKnight, 25 March 1913, *Willard Straight Papers*, Reel 5, Cornell University.

<sup>37</sup> Michael Kazin, *A Godly Hero: The Life of William Jennings Bryan* (New York: Anchor Books, 2007), 215–41; "Our International Relations," *The Commoner*, 14 March 1913.

<sup>38</sup> Bryan to George Guthrie, 19 August 1914, *Foreign Relations of the United States, Supplement: The World War* (1914), 172.

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<sup>39</sup> Noel Pugach, "Making the Open Door Work: Paul S. Reinsch in China, 1913-1919," *Pacific Historical Review* 38, no. 2 (May 1969): 157-75; Harry N Scheiber, "World War I as Entrepreneurial Opportunity: Willard Straight and the American International Corporation," *Political Science Quarterly* 84, no. 3 (September 1969): 486-511.

<sup>40</sup> It is worth noting that Willard Straight played a role in the return of dollar diplomacy, negotiating for the American International Corporation in China. Reinsch to Bryan, 19 December 1913, *Foreign Relations of the United States* (1914), 98; "The President and the Red Cross Plan," *Journal of the American Asiatic Association* 14, no. 4 (May 1914), 101; Scheiber, "World War I as Entrepreneurial Opportunity"; Israel, *Progressivism and the Open Door*, 132-43.

<sup>41</sup> Healy, *Drive to Hegemony*, 182-7.

<sup>42</sup> Madison Smith to Bryan, 3-22 January 1914, *Foreign Relations of the United States* (1914), 334-5; R. B. Davis to Lansing, 12 January 1916, *Foreign Relations of the United States* (1916), 310-17.

<sup>43</sup> *Treaty with Haiti* (Washington, DC: Government Printing Office, 1922); "German Plots in South and Central America Alarm Senate," *New York Tribune*, 14 February 1916; Rosenberg, *Financial Missionaries to the World*, 83.

<sup>44</sup> Munro, *Intervention and Dollar Diplomacy in the Caribbean*, 269-95; Lester D. Langley, *The Banana Wars: United States Intervention in the Caribbean, 1898-1934* (New York: Rowman & Littlefield, 1983), 81.

<sup>45</sup> Tony Smith, *America's Mission* (Princeton: Princeton University Press, 1995), 60-74.

<sup>46</sup> Tyler Dennett, "The Open Door Policy as Intervention," *The Annals of the American Academy of Political and Social Science* 168, no. 1 (July 1933): 78.

<sup>47</sup> Hunt, *Frontier Defense and the Open Door*, 34; Emily Rosenberg, *Spreading the American Dream: American Economic and Cultural Expansion, 1890-1945* (New York: Hill and Wang, 1982), 2; Israel, *Progressivism and the Open Door*, 140; William E. Leuchtenburg, "Progressivism and Imperialism: The Progressive Movement and American Foreign Policy, 1898-1916," *The Mississippi Valley Historical Review* 39, no. 3 (December 1952): 483-504.

## III

**The Global Open Door, 1917-1929**

When the guns of August commenced and formidable empires clashed on the European continent and upon the high seas, it became clear that the global order was forever changed. American “diplomacy by declaration,” an approach to foreign affairs that relied on informal agreements and mutual respect, could not keep the peace among a concert of world powers vying for strategic advantage. Even so, the United States would play a central role in shaping the post-war order. American doughboys joined the Allies in 1917, tilting the stalemate and underwriting the Allied victory, but even before the armistice President Wilson set out to achieve a new world order. British poet Robert Bridges welcomed American intervention. “Brothers in blood!” he penned, “God grant we may – Transform the earth, not patch up the old plan.” Yet at the core of Wilson’s vision was the Open Door, the old plan.

In 1920, Westel Willoughby, the founder of Johns Hopkins’ political science department, wrote on international legal rights and responsibilities highlighting the inveterate reoccurrence of Hay’s Doctrine in American statecraft. Although “no official and authoritative definition of the Open Door has been attempted beyond that contained in the Hay correspondence,” Willoughby pointed out, every administration since McKinley’s affirmed it, creating an “unofficial” policy that claimed equal opportunities in commercial enterprise and boasted an anti-colonial promise to small independent states whose sovereignty was regularly violated. The Open Door idea shifted and changed, adapted to fit unique circumstances, but the language of open access, equal opportunity, and territorial

integrity remained and provided the foundation for Wilson's Fourteen Points and the negotiations at Versailles.<sup>1</sup>

Wilson, however, rebuked Hay's scheme of enforcing the Open Door. Rather than trust imperial states to practice mutual respect based on economic interdependence, Wilson set about founding a collective security arrangement that utilized non-military solutions to maintain the Open Door and extend American leadership throughout the world. The mechanism Wilson envisioned included a world institution, a League of Nations, to oversee enforcement. This chapter examines Wilson's idea, how it aligned with the Open Door, and how it contrasted with previous means of enforcement. It also examines how Wilson's detractors would thwart his plan and, namely, how a dispute over the Treaty of Versailles consumed American politics after the war and showcased the different opinions circulating about American engagement with the world. While Wilson's opponents refused to accept collective security managed by a League of Nations, many of them accepted the principles of the Open Door as integral to the global order.

Among those detractors included three successive Republican administrations in the 1920s. Warren G. Harding, Calvin Coolidge, and Herbert Hoover charted a course in foreign affairs based on the same assumption that Wilson held: that the Open Door offered the best possible outcome for American trade, security, and values. Republicans differed from Wilson on how best to enforce the Open Door, a perpetual complication that eluded Roosevelt and Taft as much as it had Wilson. The Republican presidents of the 1920s opted to reject the Treaty of Versailles and abstain from joining the League, a decision that led historians to call their policy "isolationist," but distance from the League did not signal an escape from global affairs. Rather the Republican administrations of the 1920s relied on a combination of past precedents and new international agreements outside the League to

maintain a leading role in world affairs. Historian William Appleman Williams has long since dispelled the myth of American isolationism, repudiating the portrayal and calling it historical “folklore.” Williams urged students of foreign relations to think of the era as largely contiguous with the past. Yet it is tempting to see the 1920s as a period of quiet retreat from international affairs and the Open Door, especially as it followed the tumultuous period of engagement that culminated in World War I. The unwillingness to join supranational institutions adds to the allure of this interpretation, but the United States did not dodge international commitments. Instead, the Republican administrations of Harding, Coolidge, and Hoover followed a policy that further immersed the United States in global affairs and perpetuated the tradition of the Open Door idea.<sup>2</sup>

### ***War and Peace***

Most Europeans expected the war to last until Christmas 1914. That it dragged on for much longer strained the resources of every belligerent power, including those drawn from their colonial territories. By contrast, as a neutral power from 1914 to 1917 the United States tripled its exports to Europe and gradually became the world’s chief creditor. By the end of the war, the economic dominance of the United States was evident and such exponential growth in trade and financing made neutrality impossible. US merchants and tourists travelled through the hostile waters of the north Atlantic. When a German U-boat torpedoed *HMS Lusitania*, killing 128 Americans and more than 1,000 others, the notion of genuine neutrality seemed absurd. The Germans insisted the *Lusitania* was a legitimate military target because it carried rifles and munitions for the British, a point that Secretary of State Bryan, who admonished the British for putting civilians in the line of fire, accepted. Yet much of the American public, absorbed by the incredible loss of life, condemned

Germany for the incident. Shortly after the sinking, Bryan resigned, convinced that President Wilson would not take the necessary precautions to ensure American neutrality.<sup>3</sup>

To keep the United States out of the war, Germany promised to restrict naval warfare by searching merchant ships for contraband before attacking them, but in an effort to defeat the Allies in 1917, the Kaiser lifted the restrictions. At the same instance, the American public learned of a German diplomatic cable sent to Mexico that proposed a military alliance if the United States entered the war. The German Ambassador to Mexico, Arthur Zimmerman, pledged to restore to Mexico the territories of Texas, Arizona, and New Mexico ceded to the United States after the Mexican-American War. The renewed U-boat campaign and the Zimmerman Telegram strengthened the case for war. Wilson, unshackled from electoral politics having narrowly won re-election in 1916, abandoned his campaign slogan – “He kept us out of war” – and issued Congress with a proposal to join the crusade against Germany as an “associated power.” The United States joined the Allies, but retained independent command of its armed forces and, importantly, remained free from any previous diplomatic commitments made by their wartime partners.

By entering the war as an associated power the United States reserved the right to reject the many secretly negotiated treaties that promised a redistribution of territory among Allied nations. It also precluded the United States from European economic designs crafted at the 1916 Paris Economic Conference that aimed to establish a “closed door” system of trading preferences. The “associated” status reflected Wilson’s sense that the European powers lost sight of the benefits of the Open Door, as well as their control over international security and, in that vacuum, an impartial United States could seize a position of global leadership. Before joining the Allied cause, Wilson called for “peace without victory,” a uniquely American proposition to arbitrate the dispute and secure harmony with

a “concert of power” underpinned by the democratic values and equal access to the world’s resources and markets. Although his “peace without victory” negotiations in 1917 failed to bring the European powers to the negotiating table, Wilson continued to promote the same ideas after joining the hostilities. In his war message to Congress the president declared his cause to make the world “safe for democracy,” by which “a concert of free peoples ... shall bring peace and safety to all nations.” Wilson’s Fourteen Points, his most formal statement of war aims, offered a comprehensive prospectus for a post-war order. The manifesto included general proposals (points 1-5) for transparency in international diplomacy, freedom of the seas, equal trade, global disarmament, and an “adjustment of colonial claims” that recognized the rights of local populations to representative self-government. Specific proposals (points 6-13) redrew the map of Europe according to national and ethnic fault lines in a manner that Wilson believed would maintain order on the small continent.<sup>4</sup> Wilson’s final point proposed “a general association of nations” to protect the peace by way of collective security.<sup>5</sup>

Derived from American foreign policy traditions, the Fourteen Points drew heavily on John Hay’s insistence on access to the world’s markets. Wilson’s third point called for the “removal, of all economic barriers and the establishment of equality of trade conditions among all the nations consenting to the peace,” a tenet that most participants at the Treaty of Versailles referred to as the American Open Door. Likewise, Wilson proposed free navigation of the seas in a further nod to access. In direct response to the secret treaties that pulled Europe into war, Wilson’s first point – calling for “open covenants of peace” – also echoed the public manner in which John Hay negotiated the Open Door. Hay’s policy had, most controversially, sought to protect China’s territorial and political integrity, an anti-imperial concept reflective of the Monroe Doctrine. Wilson universalized this commitment,

in theory at least. The Fourteen Points extended the right of self-determination to all peoples and vowed to protect the interests of small states who should “enjoy the same respect for their sovereignty and for their territorial integrity that great and powerful nations expect and insist upon.” Wilsonianism was less invention and more innovation. It was an “articulation and circulation of ideas” that sprung from global conflicts, both current and historical.<sup>6</sup>

Where Wilsonianism distinctly deviated from American foreign policy traditions was with its focus on enforcing such a world order. Much like Hay’s policy, Wilson called for international goodwill and moral consciousness as the core persuasion for global cooperation. But rather than an informal inter-imperial system based on “mutual respect” like Hay’s Open Door, or the unilateral police actions deployed by Roosevelt and Taft (and indeed Wilson himself) in Latin America, the fourteenth point proposed an international league of nations capable of guaranteeing territorial integrity and self-government by punishing aggressor nations with economic sanctions or collective military action. Wilson interpreted “Mr. Hay’s policy of the open door” as an “open door to the goods of America ... not the open door to the rights of China.” In his view, the “state of international law was such [in 1899] that they did not feel at liberty to make even a protest against” territorial concessions to foreign powers, and Wilson proclaimed that Hay “only insisted that the door should not be shut in any of these regions against the trade of the United States ... The only thing Mr. McKinley and Mr. Hay were at liberty to do was to call attention to the fact that the trade of the United States might be unfavourably affected and insist that in no circumstances it should be.” A league would fundamentally change this position, Wilson declared, since “for the very first time in the history of international engagements ... the

whole faith of international affairs" had changed. Every nation in the world would be empowered by a league. It will, Wilson said, allow aggrieved nations to:

call attention at any time to anything, anywhere, that threatens to disturb the peace of the world or the good understanding between nations upon which the peace of the world depends. That in itself constitutes a revolution in international relationships. Anything that affects the peace of any part of the world is the business of every nation. It does not have simply to insist that its trade shall not be interfered with; it has the right to insist that the rights of mankind shall not be interfered with.

The Great War manifestly altered American interests and thus its foreign policy. The world appeared more interdependent than ever before, and Wilsonianism provided a new template for ensuring American leadership and for maintaining peace.<sup>7</sup>

Opposition to Wilson's grand scheme emerged at home and abroad. Fully expecting the Allies would dispute his proposals, the president travelled to Europe as the lead negotiator for the United States, seeking to use the weight of his political office to impose his will upon his negotiating partners. At Versailles, Wilson met his primary adversaries, British Prime Minister David Lloyd George, French President Georges Clemenceau, and Italian Prime Minister Vittorio Orlando. Each leader advanced alternative plans for maintaining the peace. France, determined to emasculate the German army, sought to occupy parts of former frontline and place strict limits on Germany's military capabilities. The French regarded Wilson's disarmament plan as one to be applied exclusively on the vanquished powers. Clemenceau insisted that security be ensured by perpetuating the wartime alliance and for democratic nations collectively defend against future threats to peace.

Lloyd George concurred with Clemenceau in the need for security against aggressor states, but he sought to guarantee this by preserving British naval supremacy and retaining the right to conduct blockades, despite Wilson's demand for freedom of the seas. All of the Allies, Italy in particular, sought territorial aggrandizement notwithstanding Wilson's call for the impartial adjustment of colonial claims based on national identities. Peace, the Allies argued, required territorial buffer zones between belligerents. In the end, Clemenceau and Lloyd George won concessions from Wilson on most of their demands, effectively annulling the general obligations of the first five of his Fourteen Points. Italy failed to win all of its territorial claims at Versailles, but the concept of territorial buffers prevailed and undermined Wilson's proposal for "open-minded" adjudication of the borders. Although many Europeans welcomed Wilson as the "savior of humanity" upon his arrival, their leaders resisted his reforms to the international order.<sup>8</sup>

The small states and nations that Wilson promised to protect also fell victim to the realpolitik practiced by the larger world powers. German colonies, including the Shandong province in China, were turned over to the victorious imperial powers to administer. Japan acquired Shandong and further entrenched its interests in northern China. Britain and France acquired much of the German empire in Africa and the Pacific, as well as extending their influence in the former Ottoman territories in the Middle East. Wilson reconciled himself to this colonial re-conquest by asserting that it actually served the cause of self-government in the longer-term. The mandate system, created by the Treaty of Versailles, stipulated that the League of Nations would maintain oversight of colonial territories. Although world powers administered and governed them, the mandate system promised eventual independence for the colonial territories and ensured that "management" or tutelage followed an orderly pattern. In practice, however, the mandate system reinforced

the mainstream imperial thinking of the day, that uncivilized peoples required further “uplift” before taking on the responsibility of self-government. It also threatened Wilson’s commitment to free access to the world’s markets. After the war, the Allies aimed to rebuild their economies through exclusive trade with the developing world, returning to an autarkic system of colonial preference. Thus the peace negotiated at Versailles betrayed the high-minded values of Wilsonianism.<sup>9</sup>

Perhaps the greatest menace to Wilsonianism came from the former Russian Empire, which underwent a rapid transition of power from tsarist oligarchy, to provisional republican government, before a radical revolution installed the Bolsheviks as the world’s first modern communist regime. The Bolsheviks did not attend the Versailles peace negotiations having settled with the Central Powers earlier in 1918 and considered “the traditional game of resetting boundaries or obtaining indemnities from defeated nations” to be a bourgeois preoccupation. Vladimir Lenin offered an alternative anti-imperial ideology founded on communist logic that war stemmed from the covetous nature of capitalist economies. Imperialism, Lenin argued, derived from the need for capitalist states to acquire new markets and, by destroying capitalism in favour of communism, the potential for imperialism would also end. Small independent states and colonial territories frustrated with Wilson’s failure to protect their interests at Versailles would later adopt Lenin’s logic. But, in 1919, Bolshevism struggled to take root in Russia and a civil war forced Lenin to focus on domestic matters ahead of international revolution. Only as the Soviet Union stabilized did Leninist ideology present a meaningful challenge to the American vision for global order.<sup>10</sup>

As the European Allies chipped away at the Fourteen Points, and communist revolution foreshadowed the ideological contours of future conflicts, Wilson succeeded in

realizing his primary objective: a general association of nations to keep the peace. Despite conceding thirteen of fourteen points, Wilson argued that the machinery of a league would ensure that over time that his original proposals for equal access, anti-colonialism, and self-determination would come to pass. Signatories of the peace treaty approved a “covenant” for a League of Nations, creating a general assembly, a council of world powers, and a permanent secretariat in Geneva. Within the covenant, Wilson injected clauses to recognize that “peace requires the reduction of national armaments,” an acknowledgement that decolonization was to be led by the League, and an article to ensure the “equitable treatment for the commerce of all Members.”<sup>11</sup>

The staunchest critics of Wilson’s League were American. Because all US treaties require ratification by a two-thirds majority of the Senate, Wilson began a propaganda tour to promote the Versailles settlement. He travelled across the country while the treaty fight took shape in the Senate and three factions debated the merits and shortcomings of his foreign policy. Democrats closely followed Wilson’s lead and approved the treaty, but with a minority in Congress they required a substantial degree of support from Republicans. Among the Republican caucus, so-called “irreconcilables” refused to accept Wilsonianism, contending that the League particularly restricted the independence of American foreign policy. Led by Senators William Borah and Hiram Johnson – two charismatic western progressives – the irreconcilable camp complained that Article X of the League covenant, which assured a collective response if a member nation came under an unprovoked attack, contravened the powers of Congress to declare war. As well as being unconstitutional, the irreconcilables also insisted the treaty violated the generally accepted principles of Washington’s Farewell Address and the Monroe Doctrine, that Wilsonianism betrayed the rule of avoiding entangling alliances and, particularly, the nature of European power politics.

Most Democrats demonized the irreconcilables as Republican isolationists or partisan opportunists, but a few Democrats joined Senators Borah and Johnson in rejecting intervention and League membership. These irreconcilables did not object to international engagement, but refused to accept a world order that mandated American intervention – a distinction that would have important implications for foreign policy in the 1920s.<sup>12</sup>

A larger Republican contingent in the Senate took a different approach and demanded amendments to the League covenant – Article X in particular – to ensure that Congress retained the power to declare war. Known as “reservationists,” these senators accepted that an internationalist tradition existed in American foreign policy and enthusiastically desired to work with their international partners. Led by Senator Henry Cabot Lodge and former Senator and Secretary of State Elihu Root, the reservationists believed the treaty could be modified in limited ways to protect US independence and keep to the nation’s traditions. But Wilson insisted that such alterations would require a renegotiation of the treaty and ordered Democratic senators to reject any objections to the existing covenant. Due largely to Wilson’s intransigence, the treaty fight concluded with no ratification after nearly a year of debate. The United States signed separate peace treaties with the Central Powers and never joined the League of Nations.<sup>13</sup>

On the one hand, the treaty fight demonstrates the fractious political divisions over the United States’ place in the world. On the other hand, the post-war debates reveal a “virtual unanimity of basic assumptions and values that embraced even the most bitterly opposed participants.” Within the legalistic prose of the treaty and League covenant, the Open Door idea endured and, while the League formed the centre of the political controversy, the basic purpose of the League – to enforce a global peace – faced no scrutiny. Enforcement of the Open Door idea persistently confounded adherents, and

Wilsonianism represented the latest effort to ensure continued access global markets, the integrity of feeble states, and American leadership in the world. Yet the American public was “unwilling to take up the burden that Wilson wanted thrust upon them” and rejected the League as a patent break with diplomatic traditions. Whether citing George Washington’s Farewell Address that rejected entangling alliances, or the Constitution’s enumerated powers that granted the authority of war making to Congress, Americans felt the League betrayed both legal and customary practice in foreign affairs.

Moreover, the Open Door had an unsuccessful track record, and intellectuals parodied Wilsonianism as a doctrine plagued with unacceptable risk. Sociologist Charles Cooley argued, “A single powerful nation, whose heart remains hostile to the system [of a League], will probably be able to defeat it, and certainly will prevent its developing any spirit higher than that of a policeman.” Enforcement that relied on goodwill and mutual respect, the very words John Hay used, proved ineffectual, yet the alternative – a military intervention – resembled the same resort Roosevelt and Taft took. Wilson tried to steer clear of unilateral militarism by empowering a League of Nations, but failed to win over his fellow Americans.<sup>14</sup>

### ***A Return to Normalcy***

Senator Warren G. Harding won the 1920 presidential election in a landslide victory unlike any before. He barely left his front porch in Marion, Ohio, yet won the largest popular majority ever. His pledge of a “return to normalcy” after the war and public rejection of the League of Nations imbued his campaign with nostalgia for a bygone era, a time before intense international relations “rendered men irrational.” Harding specifically derided Wilsonian-styled internationalism, leading many pundits to label him an isolationist, but like

other Republican reservationists Harding had no intention of absconding from international affairs. Instead, his administration crafted a diplomatic approach best defined as “reticent internationalism,” a policy that included cooperation with the international community, but retained a foremost obligation to national interests and independence. It eschewed collective security in favour of bilateral or American-brokered security agreements, treading an intellectual middle ground between political neutrality and the Wilsonian model of broad multilateralism and democratic universalism. It was “reticent” because the United States refused to join the League and its collective security agreements, but the Harding administration remained squarely “internationalist” with ambitions to strengthen economic inter-dependency, promote worldwide disarmament, and export American culture. The rhetoric of “normalcy” downplayed the central role of the United States in the world, yet Harding, and the successive Coolidge and Hoover administrations, never lost sight of Wilson’s global aspirations.<sup>15</sup>

The socio-economic context of the post-war period helped copper-fasten Republican internationalism. In 1921 a short sharp depression, caused by the rise of inventories during the war, led to a spike in unemployment. Some economists speculated that war-time overproduction would dampen prices for more than a decade. The solution, analysts argued, was to capitalize on the export market, although unlike the buoyant fortunes and potential growth in foreign markets at the turn of the century, the 1920s were a challenging time for exporters. First, the export market had matured during the war and the United States was already supplying a majority of the world’s consumer goods, steel, and natural resources, including oil. Second, a dollar gap, or shortfall in the supply of US dollars around the world that overseas purchasers could use to buy American products, emerged as a consequence of the wartime trade imbalance. At home the war powered the economy,

swelling the average family income by as much as 30%, but by 1920 the decline of European demand shook the prospect of an ever-increasing standard of living. The Harding administration imposed harsh protectionist tariffs to protect the domestic market from a flood of cheap overseas agriculture while seeking to maintain commercial activity abroad in a stable and sustainable manner.

Harding's appointments to his cabinet reflected this focus. Former Supreme Court Justice Charles Evan Hughes, nicknamed the "bearded iceberg" by Theodore Roosevelt for his dull 1916 presidential campaign, accepted the position of secretary of state. A reservationist with strong convictions that an international League served the greater good, Hughes side-lined this faith after the treaty fight, recognizing the strong cleavages among Republicans. Considered the intellectual heavyweight of the administration, and a member of the Republican establishment, Hughes used his influence to embed the Open Door idea in post-Wilsonian foreign policy. In one of his first messages to American diplomats working abroad Hughes ordered a general push for the "effective recognition of the open-door policy of equal commercial opportunity" as the basis for post-war stability. Hughes instructed diplomats to locate unexploited markets and pry them open with the ideological principle that all countries would prosper under a scheme of equal access.

Simultaneously, Secretary of Commerce Herbert Hoover, the war's "great humanitarian" who saved an untold number of lives as head of the United States Food Administration, and Secretary of Treasury Andrew Mellon, a banking magnate that financed the Senate irreconcilables, gave shape to Hughes's directive. Although Hoover sided with reservationists, and Mellon staunchly believed in political neutrality, they both agreed on the need for greater economic expansion and worked to revivify the dollar diplomacy of the Taft administration. Facilitating cooperation between the state and private capital, the

Treasury and Commerce secretaries helped American financiers issue stability loans to foreign governments in an attempt to “build an international community without policing the world.”<sup>16</sup>

During the Harding and Coolidge administrations – both served by Mellon and Hoover – over \$12 billion in stabilizing loans went to foreign governments, most of that to solve the European post-war economic collapse. Three interrelated obstacles blocked the path to healthy trading with Europe: the settlement of war debts, reparation payments, and chaotic currency markets. The United States financed the Allied war effort, a \$10 billion investment that Europeans believed had been paid in blood and hoped to have cancelled. American businessmen insisted with “near unanimity” that the Allies repay the debt in cash. By vowing to collect, the United States had considerable leverage over debtor nations, and by using the debts “as bargaining chips” the Harding administration attempted to win access to colonial markets and negotiate favourable tariffs arrangements.

The capacity for Allied governments to repay the debt was closely connected to the reparations problem. In 1921 the Allied Reparations Commission set the total figure owed by Germany for the war at \$33 billion. Short of French and British demands, the amount still exceeded Germany’s capacity to repay. The Weimar Republic paid in gold until exhausting its reserves and thereafter purchased foreign currency to meet scheduled payments. Trade in currency rapidly depreciated the German mark’s value and hyperinflation led to an end of the currency swap. Consequently, German repayments ended and the Weimar Republic effectively defaulted in 1922. Determined to exact the punishment awarded at Versailles, the French ordered the occupation of Germany’s Ruhr valley to confiscate natural resources in place of monetary reparations.<sup>17</sup>

The Harding administration “remained officially aloof” when it came to European political affairs, but the Ruhr crisis prompted intervention to restore economic order. Addressing the American Historical Association’s annual conference in 1922, Secretary Hughes deemed the crisis a global problem and one that required the input of financial experts to thrash out a new repayment scheme. At the end of 1923 a conclave of bankers from the Allied nations, chaired by American financier Charles Dawes, met to stabilize the European economy. The ensuing Dawes Plan called on France to evacuate the Ruhr, graduated German repayment of reparations to a reasonable schedule, reorganized the Weimar banking system, and pump-primed the global economy by extending a fresh round of financing to German banks. The plan immediately shored up the Weimar currency, allowing Germany to pay the war reparations and, by extension, the Allies to pay their debts to the United States. Most importantly, the Dawes Plan cemented the United States’ place as the world’s creditor and global lender of last resort.<sup>18</sup>

If stabilizing Europe’s economy began from a position of “aloofness”, only overcome by French military intervention in the Ruhr, in other regions of the world the United States issued stabilizing loans without hesitation and in a manner that both suited national interests and paid lip service to the Open Door idea of equal opportunity. At the request of many Latin American countries, the Harding and Coolidge administrations gave implicit backing to private loans to stabilize currency exchanges and to steady political regimes friendly to the United States. This reawakened the millennial hope that economic intervention would avoid future military adventures. In fact, Harding campaigned in 1920 with a pledge to withdraw from Nicaragua and the Dominican Republic, and to restore hemispheric goodwill, although not without reciprocal commitments that those states would maintain security and order. When Dominicans elected an American-friendly

president, the army left; and, after the election of a coalition government in Nicaragua, the US withdrew its Marine delegation in 1925. Within a month of their departure a notorious conservative leader seized power by coup d'état and the country fell into a bloody civil war.

Eventually, President Coolidge dispatched American soldiers to end the fighting. It was as if the ghost of Philander Knox haunted American foreign policy. Although Harding and Coolidge did not suffer the same deluded optimism as Taft in thinking that private loans could spread American influence and maintain order, they nevertheless approached relations in Latin America in remarkably similar ways. Loans and concessions for the development of natural resources proliferated. The United States invested in Indonesia, Indochina, and Malaysia which gave Americans their first stake in these Dutch, French, and British colonies. In the Middle East, oil concessions split the region into an inter-imperial fiefdom not unlike that in China, and in Africa rubber concessions and loans made to Liberia made it a virtual vassal of American corporations.<sup>19</sup>

Despite the rhetoric of the Open Door, American “leadership” of the global economy took on a distinctly imperial feel. In places where competition for markets was fierce, where European or Japanese influence dominated, the Harding and Coolidge administrations spoke of the Open Door in terms of equal economic opportunities. American financiers, with the support of the State Department, injected capital into these untapped markets “in no spirit of unfriendliness,” but rather, as one investor related, with an ambition to move into new markets while “upholding the principle of the open door.” In places where the United States already controlled an overwhelming share of trade and commerce, such as Latin America, the Open Door instead served to exclude foreign powers, often coupled with the implication that rivals’ commercial activity endangered the territorial or political integrity of underdeveloped nations. When it suited American interests, the State Department

emphasized equality of trade; when it suited to close the door to foreign commerce, Foggy Bottom speculated that foreign investments led to dependency.<sup>20</sup>

Whether breaking into new markets or sealing off exclusive enclaves, the Open Door relied upon an atmosphere of stability and order. Foreign interventions, world wars, and internal revolutions, including those conducted or inspired by the United States, unsettled the commercial environment. Unlike the Roosevelt Corollary, and the policies of Taft and Wilson that eventually accepted military force as a possible recourse, Secretary Hughes found intervention inimical to American security and refused to sanction it in nearly all cases. Celebrating the centenary of the Monroe Doctrine, Hughes disavowed the Roosevelt Corollary, telling Americans that the anti-colonial tradition Monroe initiated to keep European imperialists out of the western hemisphere gave “no justification for such intervention on our part.”

In Latin America particularly, the Harding and Coolidge administrations endeavoured to mend relations and maintain stability by renouncing military intervention and the tendency to establish protectorates over unruly states. With Harding’s support the Senate ratified a treaty with Colombia that effectively apologized for supporting the Panamanian revolution in 1903 by way of a \$25 million indemnity. In Mexico, the nationalization of American assets generated calls from wealthy American interests for a military intervention to recover their losses, but the skilful diplomacy of the Coolidge administration averted conflict and engineered a settlement that appeased private capital as well as the Mexican government. Non-military solutions like these did not bring political or economic intervention to an end, however and military action persisted in some cases. In 1927 the lesson of dollar diplomacy seemed “entirely lost” when Coolidge ordered marines to stabilize regimes in Haiti and Nicaragua; the president called the incursion “duty tinctured

with benevolence.” These episodes aside, military intervention decreased markedly in the 1920s and, soon after Herbert Hoover won election in 1928, he travelled to Latin America promoting “a desire to maintain not only the cordial relations of governments with each other, but also the relations of good neighbors.”<sup>21</sup>

In the competitive market of China, the Harding and Coolidge administrations aimed to avoid military disturbances and promote peace while continuing to abstain from the League. The 1921 Washington Conference, hosted by Secretary Hughes, set about restraining Japanese ambitions in the Far East and maintaining the Open Door in China. The expansion of Japan into Shandong, the former German sphere of influence, came as a result of Japan’s alliance with Britain, a pact that frustrated American businessmen eager to trade in northern China and further militarized the region. In his opening remarks at the conference, Hughes outlined American intentions to scrap a considerable portion of its navy in a first step toward demilitarization of the Far East. After decades of expanding its two oceanic fleets, the United States led the post-war charge for reduction. Hughes would later call it a proposal for “*Pax Americana* maintained not by arms, but by mutual respect and good will,” a pitch that sounded remarkably similar to John Hay’s evocation of the Open Door.

Although contentious among the world’s admirals, and particularly in Japan, the Washington Conference produced three treaties that significantly reduced the size of the world’s navies and preserved commercial access in China. The Four-Power Treaty ended the Anglo-Japanese alliance and, in its place, created an agreement between Great Britain, the United States, France, and Japan to recognize the existing borders and colonial holdings as the permanent status quo. The Four-Power Treaty ended the Anglo-Japanese alliance and, in its place, created an agreement between Great Britain, the United States, France, and

Japan to recognize the existing borders and colonial holdings as the permanent status quo. The Five-Power Treaty set the total tonnage for battleships of the United States (5 tons), Great Britain (5), Japan (3), France (1.75), and Italy (1.75), forcing these nations to decommission and establishing the first post-war controls on armaments. The Nine-Power Treaty, signed by all countries attending the conference, affirmed the territorial integrity of China with “a view to applying more effectually the principles of the Open Door … for the trade and industry of all nations.” Outside the general agreements made at Washington, the Harding administration facilitated several bilateral accords that helped further the Open Door, most notably a treaty between Japan and China that included a date for the return of Shandong province and recognition of the Philippines as an exclusive American trading zone. Like no other summit, the Washington Conference exhibited the contradictory nature of Open Door idea, as a doctrine that spoke for both equal and restrictive access, depending on which best served the United States’ interests.<sup>22</sup>

Disarmament talks eased tensions in Asia and simultaneously provided an economic salve to the budgets of war-weary European countries. These benefits, important as they were, never eclipsed the single most important failure of the conference, which not coincidentally plagued the Open Door idea from the outset: enforcement. The various treaties on disarmament gave no indication of how world powers would police decommissioning, and moreover, had obvious loopholes for a comprehensive reduction of naval vessels (certain classes of ships such as cruisers and submarines were not restricted). These inadequacies, recognized by all powers at the conference, set the stage for further international security arrangements outside the League. In 1927, Japan and Great Britain met the United State in Geneva to extend limits to those classes of vessels not outlined in the Five-Power Treaty, and while the conference ended without an agreement, three years

later a more comprehensive forum opened in London in an effort to continue disarmament. These naval agreements relied on collective good will, making enforcement almost impossible and leaving it to any single power to disobey the treaties and cause a return to the old pattern of arms races. Disarmament had all the makings of a house of cards.<sup>23</sup>

Perhaps the ultimate diplomatic straw man erected in the interwar period came from the office of Frank Kellogg, Hughes's successor who served Coolidge as secretary of state. Kellogg held equally strong internationalist views, but followed the footsteps of his predecessor by advocating that the United States operate outside the League. When French Foreign Minister Aristide Briand suggested a bilateral peace treaty with the United States, Kellogg proposed a global security pact that would outlaw war as recourse to international disputes. In 1928, Briand hosted nine delegate states (France, the British Empire, Germany, Belgium, Italy, Japan, the United States, Czechoslovakia, and Poland) who all signed the pact banning war. After ratification, forty-seven additional nations joined the chorus of renunciation. To many peace activists, the outlawry of war and international pledge to settle all disputes in peaceful ways represented the fulfilment of decades of crusading. But, like naval disarmament, the pact had no means of enforcement. Most political leaders around the world treated the agreement as little more than an empty gesture. It "perfectly fitted the Republican approach," keeping the United States sufficiently out of the League while maintaining a commitment to global security so necessary for the Open Door.<sup>24</sup>

Although the Soviet Union signed the Kellogg-Briand Pact, the threat of communist revolution remained the other outstanding fear of American diplomats wanting to preserve the Open Door. When the Bolsheviks seized power, the United States cut off relations with Russia and Harding, Coolidge, and Hoover adopted the same rigid policy of non-recognition initiated by Wilson. Because revolutionary activity posed a danger to trade, because the

Soviet command system differed so markedly from capitalism, because Lenin's regime refused to repay the war debts of the tsar, and because of the various human rights abuses perpetrated during the Russian Civil War, the Soviet Union became the antithesis of American internationalism. Charles Evans Hughes and Herbert Hoover stand out as the staunchest anti-communists in the Republican administrations that saw an expansion of communist revolution as a threat to open markets and trade.

The surge in Bolshevik activities channelled through the Communist International that vowed to "overthrow of the international bourgeoisie" gave some credence to their anxiety, although American traders continued doing business with the Soviet Union. In reality, commercial activity with the former Russian Empire increased in the twenties, but the State Department continued to hope that the Soviet economy would collapse and consequently "never reached a balanced or coordinated political or economic foreign policy because the reaction against Bolshevism prevailed." After Lenin's death in 1924 the urgency to coordinate a cooperative policy decreased even further. The gradual expulsion of Leon Trotsky, the strongest proponent of worldwide revolution, from the Soviet ranks was followed by the rise of Joseph Stalin who called for "socialism in one country," decreasing the sense of Soviet aggression.

As an alternative to revolutionary communism, the United States presented itself as pragmatic and optimistic, with a culture that embraced efficiency, science, democracy, and individual liberty. New technologies spread American culture widely. The growing influence of Hollywood delivered American motion pictures to the world's cinemas; radio waves beamed the voice of sports broadcasters and politicians across borders; and the aviation industry reduced the global sense of distance even more markedly than railroads had in the nineteenth century. These advances helped spawn networks of like-minded people around

the world, such as peace activists, trade unionists, and scholarly collaborators. Culture also helped fuel the expansion of American power. For example, Aristide Briand was so impressed with Charles Lindbergh's solo flight across the Atlantic in 1927 that he proposed the peace negotiations with the United States that turned into the Kellogg-Briand Pact. Herbert Hoover's food relief for Europeans aimed to make the United States the world's undisputed "moral power" and showcased the potential of capitalism in every effort to stop Bolshevism on the continent. Reticent internationalism practiced leadership in culture as much as it did in politics and economics.<sup>25</sup>

### ***Conclusion***

The Treaty of Versailles and Wilsonianism stand as the high-water mark of liberal internationalism in the years before American entry into World War II. Moreover, the prospect of a global Open Door order, imposed by a League of Nations, took Hay's idea far beyond the Chinese context with an original and persuasive response to the perennial question of enforcement. Ironically it was a Democrat that stretched the Open Door idea to its limit. Historian Lloyd Gardner imagined that, "Somewhere in the State Department, if not in Lansing's office, John Hay's portrait smiled. So did Elihu Root's. So did Philander Knox's."<sup>26</sup>

Republican reservations and a band of irreconcilable senators curtailed Wilson's plan for a League, but the treaty fight did not dispute the basic philosophy of the Open Door, as can be seen in the statecraft of Secretaries Hughes and Kellogg, Hoover, and Mellon who kept to the middle ground after Versailles by avoiding issues such as the League that piqued widespread opposition. These policymakers focused on points of common interest among Democrats and Republicans, including commercial access to markets, disarmament, and anti-communism. Whereas Wilsonianism blazed an innovative trail that was attacked for

being out of step with American traditions, the Republican administrations of the 1920s closely aligned their policies with the past, invoking the Monroe Doctrine, Washington's Farewell, and Hay's Open Door. The list of multilateral agreements they negotiated is impressive, given the enduring myth of isolation. The Dawes Plan, Good Neighbor policy, Nine-Power Treaty, and Kellogg-Briand Pact validate William Appleman Williams's argument that, despite vehement efforts to distance themselves from Wilson, the Republican statesmen of the era continued to pursue many of Wilson's aims.

The foreign policy of internationalism came to a dramatic end after the summer of 1929. Equities listed on the New York Stock Exchange posted record gains in the quiet trading months of summer, but volatility in the commodities markets foreshadowed the sudden collapse of stock values. Speculation and margin buying (high risk investment loans) became emblematic of an era of decadent spending beyond means, and just as loans were called in on Wall Street investors, so too did the United States recall the many loans it made to foreign nations. The consequences of this extended to Germany and caused the Dawes Plan (and its successor programme, the Young Plan) to collapse, ending the loans to Weimar, and thus the Allied war debt repayments to the United States. Congress and private financers reduced or withdrew stabilization loans and international trade decreased by 50%. The world's creditor and engine for steady growth imploded the global economy.

In only his first year as president, Herbert Hoover faced the Great Depression, an economic crisis that would last a decade and wither American employment, devastate rural communities, revive radical nationalism, and impoverish millions. In desperation, Hoover instigated a one-year moratorium on war debt and reparations to kick start international trade and the cycle of repayments, but to no avail. The world slipped deeper into crisis and the global Open Door idea faced its most powerful challenge to date.

<sup>1</sup> Robert Bridges, "To the United States of America," in *A Treasury of War Poetry*, ed. George Herbert Clarke (Boston: Houghton Mifflin, 1917), 5; Westel W. Willoughby, *Foreign Rights and Interests in China*, Baltimore (Johns Hopkins Press: 1920), 260–2.

<sup>2</sup> William Appleman Williams, "The Legend of Isolationism in the 1920's," *Science & Society* 18, no. 1 (Winter 1954): 1–20.

<sup>3</sup> Thomas A. Bailey, "The Sinking of the Lusitania," *The American Historical Review* 41, no. 1 (October 1935): 54–73; Benjamin O. Fordham, "Revisionism Reconsidered: Exports and American Intervention in World War I," *International Organization* 61, no. 2 (Spring 2007): 277–310.

<sup>4</sup> Trygve Throntveit, "The Fable of the Fourteen Points: Woodrow Wilson and National Self-Determination," *Diplomatic History* 35, no. 3 (June 2011): 451.

<sup>5</sup> Carl P. Parrini, *Heir to Empire: United States Economic Diplomacy, 1916–1923* (Philadelphia: University of Pittsburgh Press, 1969), 15–6; Frank Costigliola, *Awkward Dominion: American Political, Economic, and Cultural Relations with Europe, 1919–1933* (Ithaca: Cornell University Press, 1988), 33–9; Woodrow Wilson, Address to the Senate of the United States, 22 January 1917, Address to a Joint Session of Congress Requesting a Declaration of War Against Germany, 2 April 1917, and Address to a Joint Session of Congress on the Conditions of Peace, 8 January 1918, *The American Presidency Project* (<http://www.presidency.ucsb.edu/ws/index.php>).

<sup>6</sup> *Foreign Relations of the United States* (1918), The World War Supplement 1, 164, 306, 327, 407; Woodrow Wilson, "Address delivered at the First Annual Assemblage of the League to Enforce Peace, 27 May 1916," *The American Presidency Project* (<http://www.presidency.ucsb.edu/ws/index.php?pid=65391&st=&st1=>); Erez Manela, *The Wilsonian Moment: Self-Determination and the International Origins of Anticolonial Nationalism* (New York: Oxford University Press, 2007), 10.

<sup>7</sup> Woodrow Wilson, "Speech delivered at Los Angles, 20 September 1919," in Joseph P Tumulty, *Woodrow Wilson As I Know Him* (New York: Doubleday, Page & Company, 1924), 380–3.

<sup>8</sup> Margaret Macmillan, *Peacemakers: Six Months that Changed the World* (London: John Murray, 2001), 153–74, 290–310.

<sup>9</sup> William Roger Louis, *Ends of British Imperialism: The Scramble for Empire, Suez, and Decolonization* (London: I.B.Tauris, 2006), 185–290.

<sup>10</sup> Akira Iriye, *The Globalizing of America, 1913–1945*, ed. Warren I Cohen, vol. III, *The Cambridge History of American Foreign Relations* (Cambridge: Cambridge University Press, 1993), 54; Manela, *The Wilsonian Moment*, 37–43.

<sup>11</sup> See Articles 8, 22, 23, *Covenant of the League of Nations*; Mark Mazower, *Governing the World: The History of an Idea* (New York: Penguin, 2013), 127–36.

<sup>12</sup> J. Michael Hogan, *Woodrow Wilson's Western Tour: Rhetoric, Public Opinion, and the League of Nations* (College Station: Texas A & M University Press, 2006), 17–26; John Milton Cooper, *Breaking the Heart of the World: Woodrow Wilson and the Fight for the League of Nations* (Cambridge: Cambridge University Press, 2010), 2–5.

<sup>13</sup> Cooper, *Breaking the Heart of the World*, 5–8; Lloyd E. Ambrosius, *Woodrow Wilson and the American Diplomatic Tradition: The Treaty Fight in Perspective* (Cambridge: Cambridge University Press, 1990), 9.

<sup>14</sup> Ambrosius, *Woodrow Wilson and the American Diplomatic Tradition*, 2; Charles Horton and Charles M. Cooley, "Social Control in International Relations," *Advocate of Peace* 81, no. 1 (January 1919), 14.

<sup>15</sup> Warren G. Harding, "Readjustment Speech, Boston, 14 May 1920," *Miller Center Speech Exhibit* (<http://millercenter.org/academic/americanpresident/harding/speechexhibit/04>); Brooke L Blower, "From Isolationism to Neutrality: A New Framework for Understanding American Political Culture, 1919–1941," *Diplomatic History* 38, no. 2 (April 2014): 345–76; Christopher McKnight Nichols, *Promise and Peril: America at the Dawn of a Global Age* (Cambridge, MA: Harvard University Press, 2011), 2, 273–316.

<sup>16</sup> Hughes to George Harvey, 11 May 1921, *Foreign Relations of the United States* (1921), 15; Parrini, *Heir to Empire*, 184–195; Melvyn P. Leffler, "The 'New Era' and American Foreign Policy, 1921–29," in *Herbert Hoover As Secretary of Commerce: Studies in New Era Thought and Practice*, ed. Ellis Wayne Hawley (Iowa City: University of Iowa Press, 1981), 149–71.

<sup>17</sup> Joan Hoff, *American Business & Foreign Policy, 1920–1933* (Lexington: University Press of Kentucky, 1971), 122–56; Warren I Cohen, *Empire Without Tears: America's Foreign Relations, 1921–1933* (Philadelphia: Temple University Press, 1987), 17–20; Costigliola, *Awkward Dominion*, 36.

<sup>18</sup> Rosenberg, *Financial Missionaries to the World*, 101; Extract from Hughes New Haven Speech, 22 December 1922 in *Foreign Relations of the United States* (1922), 199–202; Patrick O. Cohrs, *The Unfinished Peace after*

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*World War I: America, Britain and the Stabilisation of Europe, 1919-1932* (Cambridge: Cambridge University Press, 2006), 107–15.

<sup>19</sup> Rosenberg, *Financial Missionaries to the World*, 109–21; Anne L. Foster, *Projections of Power: The United States and Europe in Colonial Southeast Asia, 1919–1941* (Durham: Duke University Press, 2010), 20–1, 45–6; Alex Goodall, “US Foreign Relations under Harding, Coolidge, and Hoover: Power and Constraint,” in *A Companion to Warren G. Harding, Calvin Coolidge, and Herbert Hoover*, ed. Katherine A. S. Sibley (Malden, MA: John Wiley & Sons, 2014), 56–61.

<sup>20</sup> Hoff, *American Business and Foreign Policy*, 9; “American Interest in the Exploitation of Petroleum in Siam,” *Foreign Relations of the United States* (1921), 880, 885.

<sup>21</sup> Charles Evans Hughes, “Observations on the Monroe Doctrine,” *American Bar Association Journal* 9 (1923): 562; Robert Freeman Smith, “The Morrow Mission and the International Committee of Bankers on Mexico: The Interaction of Finance Diplomacy and the New Mexican Elite,” *Journal of Latin American Studies* 1, no. 2 (November 1969): 149–66; Herbert Hoover, *Addresses Delivered during the Visit of Herbert Hoover to Central and South America, November-December 1928* (Washington, DC: Pan American Union, 1929), 3.

<sup>22</sup> Charles Evans Hughes, *The Pathway of Peace* (New York: Harper & Brothers, 1925), 259; Treaty Between the United States of America, Belgium, the British Empire, China, France, Italy, Japan, the Netherlands, and Portugal signed at Washington 6 February 1922 (Nine-Power Treaty) in *Foreign Relations of the United States* (1922): 1, 343; John Maurer, “Arms Control and the Washington Conference,” in *The Washington Conference, 1921-22: Naval Rivalry, East Asian Stability and the Road to Pearl Harbor*, Erik Goldstein and John Maurer, eds. (London: Routledge, 1994), 267–93.

<sup>23</sup> Robert H. Van Meter, “The Washington Conference of 1921-1922: A New Look,” *Pacific Historical Review* 46, no. 4 (1 November 1977): 603–24; David Carlton, “Great Britain and the Coolidge Naval Disarmament Conference of 1927,” *Political Science Quarterly* 83, no. 4 (December 1968): 573–98.

<sup>24</sup> George Herring, *From Colony to Superpower: US Foreign Relations since 1776* (New York: Oxford University Press, 2008), 477–8.

<sup>25</sup> Costigliola, *Awkward Dominion*, 1984, 20, 39–55; Inderjeet Parmar, *Foundations of the American Century: The Ford, Carnegie, and Rockefeller Foundations in the Rise of American Power* (New York: Columbia University Press, 2011), 1–30; Bill Bryson, *One Summer: America, 1927* (New York: Doubleday, 2013).

<sup>26</sup> Lloyd C. Gardner, *Safe for Democracy: The Anglo-American Response to Revolution, 1913-1923* (New York: Oxford University Press, 1987), 189.

## IV

**The Open Door in a Closed World, 1929-1945**

In 1934, Charles Beard, one of the foremost historians of the time, published *The Open Door at Home*. The second of two large volumes to analyse US foreign policy, it offered an ambitious critique of the search for overseas markets, and sketched out a radical alternative. Beard's argument was deceptively simple: the problem of surpluses could not be resolved by finding new outlets for American goods, but only through the more rational management of production and consumption at home. In Beard's words, the United States should give up on its "wasteful, quixotic, and ineffectual extension" overseas, and focus instead on "an intense cultivation of its own garden."<sup>1</sup> Although supporters of the Open Door argued that global trade led to interdependence and peace, Beard believed the opposite: that competition for markets and raw materials was a cause of national rivalries and war. Since overseas trade represented less than ten percent of American GDP, it was hardly worth risking the lives of its citizens.<sup>2</sup> With increasingly powerful and sophisticated government machinery for economic planning, the state could override the selfish interests of exporters who wanted to maximize their returns abroad and direct investment toward the needs of American citizens instead.<sup>3</sup>

Beard's call for careful state management of the economy ran along similar lines to the ideas being developed by John Maynard Keynes at the same time.<sup>4</sup> But while Keynes' approach was economic, Beard saw the Open Door primarily as a problem of political thought. He argued that the Open Door was not a rational policy but a kind of theological statement, an updated version of the nineteenth-century idea of Manifest Destiny, which justified ruthless expansion across the North American continent. He believed the Open

Door idea was a moral mission that linked trade to liberty, and a self-fuelling prophecy, strengthening not the nation as a whole but those exporters whose interests were most clearly served by its implementation.<sup>5</sup> For Beard, then, the Wall Street crash of 1929 and depression crisis that followed was not only an economic disaster, but also a moment of intellectual transition, when ideological certainties that underpinned the expansion of American power and the nation's civilizing mission collapsed. Things that once seemed almost laws of nature and history were exposed as political choices open to reconsideration.

In the midst of the worst depression in memory, it was hard to avoid the fact that the Open Door had not delivered on its promises of prosperity. Beard's observations stimulated debate throughout American politics and society. It even earned a review from Secretary of Agriculture Henry A. Wallace in the *New Republic*, and apparently President Franklin Delano Roosevelt read and annotated his copy of the book, keeping it on his desk for three weeks.<sup>6</sup> Initially, Beard hoped that Roosevelt and the New Dealers might follow up on his radical proposals, but it soon became clear that the opposite was the case – Beard later discovered that one of FDR's marginal notes described the book as "a bad dish"!<sup>7</sup> Rather than turning inward as Beard suggested, Roosevelt set about reinventing the Open Door and reasserting the United States' place at the heart of a new global system. With growing vitriol, the professor turned his vitriol on the president. Echoing the anti-imperialists of previous generations, he argued that Roosevelt's expansionism was the wrong path for the United States and a betrayal of American democracy.<sup>8</sup>

Beard's attacks lent intellectual firepower to an anti-interventionist movement that vexed expansionists throughout the 1930s. But it represented only a small element of a far broader assault on the Open Door idea, one which found expression not only in comparatively civilized debates but also, more menacingly, in the growth of political systems

around the world that rejected the principle of equal commercial access to markets and raw materials, and set about building autarkic economic zones closed to US business. These regimes ranged from the repressive and insular Stalinist order; the nationalistic Mexican state led by President Lázaro Cárdenas, set on nationalizing Mexico's mineral resources; the British imperial preference system, which discriminated in favour of territories within the empire; and, of course, the fascist and militaristic empires of Germany, Italy and Japan. During the 1920s, easy access to capital and growing volumes of global trade encouraged elites to imagine a future of peace, interdependence and shared prosperity. In the light of the depression, however, rival states fought to defend their share of a shrinking economic pie. Indeed, Roosevelt's initial rejection of the internationalist approach taken by Herbert Hoover showed that the New Deal was not insulated from the nationalistic tides swelling around the world. This was why, at first, Beard thought that Roosevelt might follow his advice and look inward for solutions to America's problems.

Between the depression and the Second World War, then, the Open Door came under sustained criticism from radicals, nationalists and anti-interventionists at home, and from international rivals who condemned it abroad. Conversely, Open Door advocates continued to argue that commercial exchange was the only way to avoid the destructive competition that led to the First World War. Roosevelt's State Department promoted the Open Door as such a remedy. However, as conflict in Europe and Asia approached claims that trade and commerce could alone solve the world's problems seemed outdated and irrelevant, poorly-suited to the militaristic temper of the times.

If the 1930s were a time of challenge for the Open Door, the war years saw a rapid reversal of fortunes. By reinvigorating the economy, strengthening the export sector, and, most importantly, highlighting the dangers of remaining aloof from the world, the war

provided a crucial opportunity for Open Door evangelists to reverse its decline. Under the influence of reformist New Dealers, the Open Door policy was transformed and integrated into a sweeping new vision of global security. This sustained earlier beliefs in the intimate relationship between open markets, national sovereignty, and peace. However, reflecting the more statist orientation of the New Deal, older commitments to opening markets for private commerce were augmented by a more interventionist efforts to design and build the institutional machinery of a permanent and stable world order.

### ***The Great Depression and the Rise of Autarky***

Secretary of the Treasury Andrew Mellon's notorious recommendation to President Hoover in response to the depression crisis was a harsh one: "Liquidate labor, liquidate stocks, liquidate the farmers, liquidate real estate."<sup>9</sup> These words in Hoover's memoirs, written after the Second World War, reminded many of the ruthlessness of the gold standard era. But a commitment to a fixed gold exchange rate meant that many of the economic levers used by contemporary states to boost growth in times of trouble were effectively unavailable. Unable to print money to boost demand, governments either had to cut spending or raise tariffs and taxes to balance their books when revenues fell, or risk speculative attacks on their currency. Governments using a gold standard largely had to wait for the private sector to right itself, even if the result was higher unemployment, lower levels of investment, reduced trade, and poverty.

Defenders of the system argued that short-term hardship was a price worth enduring for the long term currency stability and increased global trade that a fixed exchange rate system delivered. To those fortunate enough to be spared the consequences, this kind of austerity could even seem bracing, a bucket of cold water thrown over the

economy's head. According to Hoover, Mellon believed that the Great Depression would end the high cost of living – and, indeed, high living. "It will purge the rottenness out of the system," he said. "People will work harder, live a more moral life. Values will be adjusted, and enterprising people will pick up the wrecks from less competent people."<sup>10</sup> Recessions were not only unavoidable, they were perhaps even to be welcomed.

Over time, however, it had become harder for political leaders to resist the temptation to adopt more activist measures to deal with economic crises. Finding new markets overseas was one way to boost the economy, of course, but this ran the risk of destabilizing the international system and encouraging competition among expanding powers for markets, which imposed costs of its own. During the First World War all sides abandoned gold to boost war production. With US encouragement, the major powers returned to gold in the twenties, but a persistent trade imbalance remained between the United States and its partners. In the short term, these imbalances were covered by US loans, but with the Great Depression and the accompanying constriction of capital, the pressure on governments to defend their markets became, once again, overwhelming. The result was a spiral of increasingly aggressive economic nationalism that ripped the gold standard apart – this time, never to be resurrected.

Mellon's words have often been unfairly hung around Hoover's neck. In fact, the president rejected the extreme views of his Treasury secretary. Government spending grew marginally during his term of office. Nevertheless, to compensate for declining revenues and to protect American farmers and manufacturers from the worst effects of the global downturn, the president endorsed the Smoot-Hawley Tariff in 1931, which raised protective tariffs to their highest level for a century. This further shrank international trade and intensified the global financial crisis. Gradually, state after state fell off the gold standard

system. Meanwhile, fearing speculative attacks on the dollar, the Federal Reserve raised interest rates, intensifying the already unprecedented economic crisis at home.

Even before Smoot-Hawley had been approved by Congress, other nations began adopting protective counter-measures. The world gradually fragmented into a series of increasingly closed economic zones. The most important was the imperial preference system established at Ottawa in 1932 by Britain, Canada and the other members of the empire and commonwealth. As well as protecting their domestic markets, the European powers spent the thirties negotiating bilateral trade deals with other nations, attempting to tie commercial partners into restrictive trading agreements and quota arrangements, often at the expense of the United States. During Hoover's presidency, the United States saw its exports fall by two-thirds.<sup>11</sup> Everywhere doors closed, and US overseas trade shrank viciously.

As well as intensifying the global crisis, tit-for-tat economic competition intensified national antipathies. Protests over unfair trading practices took place in many countries, sometimes directed against the Smoot-Hawley tariff, or "Shylock" American bankers who were widely blamed for the crisis in Europe. Angered by America's refusal to write down war debts, French intellectuals denounced "*le cancer américaine*." In return, Americans complained that Europeans expected the United States pick up the tab for its misadventures. In Germany, Adolf Hitler repudiated Versailles and called for a single-minded pursuit of national renovation. He surged in popularity, gaining 35 percent of the vote in the 1932 presidential elections and winning appointment as Reich Chancellor the following January.

President Hoover worked furiously in 1931 and 1932 to re-establish a stable currency regime and return the global economy to the patterns of international trade seen in the

twenties. Historian Akira Iriye argues that the measures Hoover proposed would “form the basis of a new global economic system that would be set up after another world war.”<sup>12</sup> At the time, though, Hoover was attacked for hypocrisy for his support of high domestic tariffs. Weakened politically after two years of economic contraction, his efforts came to nothing.

As the world’s largest creditor, the United States had the most to gain from currency stabilization. But the worldwide abandonment of gold left the US with an overvalued dollar, high interest rates, and few ways of stimulating its ailing economy. The result was almost inevitable. In 1933 the new president, elected on a wave of hostility toward Hoover and his policies, signalled a dramatic break from his predecessor’s multilateral approach. At the London Economic Conference, in his first major foreign policy decision, Roosevelt torpedoed an agreement on currency stabilization negotiated by his own Secretary of State, Cordell Hull, and his special envoy, Raymond Moley. In a message intended for a domestic audience as much as an international one, Roosevelt declared that, “The sound internal economic system of a nation is a greater factor in its well-being than the price of its currency in changing terms of the currencies of other nations.”<sup>13</sup> For the next half-decade, domestic priorities would consistently take precedence over efforts to revive global trade and promote international cooperation.

Although it was a global phenomenon, the collapse of the Open Door policy was revealed most clearly in the place it had first been articulated: Asia. Around 40 percent of Japanese exports went to the United States, and the country was badly hit by the Smoot-Hawley tariffs.<sup>14</sup> This strengthened the hand of Japanese militarists, who rejected the Nine-Power Treaty and argued that the Open Door was only invoked by the Americans when it suited them. After all, there was no Open Door for Japanese businesses in America. In September 1931, the Japanese army seized control of Manchuria and in early 1932

established a puppet state, Manchukuo. Hoover's Secretary of State, Henry L. Stimson, denounced the action and refused to recognize the secessionist regime, reiterating the Open Door policy and the US commitment to the territorial sovereignty of China. Japan responded by warning that nations who "shut the door of recognition against Manchukuo" would soon find that Japan would "slam the Open Door in Manchuria against them."<sup>15</sup> The Manchurian economy was gradually integrated into the Japanese, key assets were expropriated, and non-Japanese trade shrank to negligible levels. Soon after, Japan left the League of Nations, disavowed the Washington Treaty, and began rearming.

There was little international, and even less domestic, willingness to take more direct action to restrain Japan, so Stimson's bold words had little effect. At home, a growing number of Americans argued that Japanese supremacy in Asia was a *fait accompli* and should be accepted. Some even likened Japanese expansion to the United States' dominance in Latin America.<sup>16</sup> One critic writing in the *North American Review*, Hamilton Butler, said that the Open Door had from the outset been a strategy to defend British interests, not US ones, and should be abandoned. Adopting the contradictory language of anti-imperialism used to justify US dominance in the Western hemisphere, he suggested that a strong Japan could act as a bulwark against European imperialism and help a Chinese state that had proven incapable of responsibly managing its own affairs. "Japan is doing more to open China's door to a more extensive intercourse with the rest of the world than all of our diplomacy from John Hay down has succeeded in doing," Butler concluded. What China needed was a swift "injection of *bushido*."<sup>17</sup>

In the United States, the turn against internationalism revealed itself across the political spectrum. Americans of all stripes voiced variations of Charles Beard's basic question: why should the United States promote the interests of businessmen, bankers, and

European imperialists over ordinary citizens? The anti-interventionist sentiment of the thirties had deep roots, drawing upon such varied sources as the left-wing anti-imperialist movements that had emerged earlier in the century; traditions of “hemispheric isolationism” that sought to focus on the traditional Monroe Doctrine sphere of influence; Midwestern and Western anti-interventionist progressivism associated with figures such as Robert La Follette, William E. Borah, Hiram Johnson and Burton K. Wheeler; and various ethnic, religious and cultural affinities such as the anti-British, pro-Franco, and ultimately pro-Nazi views articulated by the populist Irish-American “Radio Priest” from Detroit, Father Charles Coughlin. Anti-interventionist sentiment even took hold within the Roosevelt administration.

As a result, the United States failed to respond effectively as Japan began rearming, when Italy invaded Abyssinia, when Germany and Italy supported the rebellion against loyalist Spain, and when Germany annexed Austria. Between 1934 and 1936 a Senate committee investigating the munitions industry chaired by Senator Gerald Nye publicized claims that commercial interests had been responsible for pushing the United States into the Great War. Such arguments allowed anti-interventionists to depict their position as more democratic than those held by elite, East Coast internationalists like Roosevelt and his cronies. Soon, congressmen began pushing for a series of Neutrality Acts to restrict the executive branch’s freedom to aid belligerents around the world on the basis that aid was a slippery slope to war.

### ***New Deal Foreign Policy***

The Roosevelt Administration was poorly equipped to respond to the twin challenges of anti-interventionism at home and autarky overseas. Roosevelt endorsed the Stimson

Doctrine while campaigning for the presidency, and on taking office he sent out a strong message in support of free trade by appointing Cordell Hull as Secretary of State. No politician of the time was more closely associated with classical liberal economics than the "Tennessee Cobden." But FDR was unwilling to challenge the introverted public mood, and within months of taking office Hull had been hung out to dry at the London Economic Conference when Roosevelt avoided any commitment to global currency stabilization in order to focus on domestic recovery.

The New Deal foreign policy apparatus was dysfunctional, riven by personal conflicts, political disagreements, secrecy, mistrust, and personal vanities, much of it stoked by the president himself, who wanted to ensure that his "team of rivals" was unable to make major decisions without him.<sup>18</sup> Like Wilson, Roosevelt was suspicious of conservatives in the State Department and he often bypassed normal bureaucratic processes to maintain personal control. He appointed a close ally and old friend, Sumner Welles, as assistant secretary of state for Latin American affairs and, in 1937, promoted him to undersecretary of state. Technically, this made Welles Hull's underling, but he came to despise his boss and regularly undercut him by going directly to the president. Hull, who suffered from tuberculosis and diabetes, was unable to keep up with his energetic and arrogant deputy.

Meanwhile, Roosevelt gave other friends and allies important diplomatic responsibilities, knowing they would report directly to him rather than Hull. Ambassadors like Josephus Daniels, Joseph P. Kennedy, Joseph E. Davies, and William C. Bullitt, and senior New Dealers with domestic briefs chipped away at the authority of the secretary of state who they rarely viewed with respect.<sup>19</sup> Ickes, the Secretary of the Treasury Henry Morgenthau, Jr., and Agriculture Secretary Henry A. Wallace were among those who weighed in on foreign policy, criticizing the State Department for being too obsessed with

free trade and for not moving fast enough to challenge Italy, Japan and Germany. Hull's influence was therefore hollowed out, and by the war years the most important elements of US foreign policy were being devised elsewhere.

Nevertheless, Hull's appointment did result in at least one significant shift for the Open Door policy. The secretary of state shared with his Republican predecessors a belief in the intimate connection between trade and world peace. But, to him, sovereignty and trading rights overseas could not be maintained unless the United States also opened its borders. A stable order required reciprocity. Recalling his childhood on a Tennessee farm, Hull told a story of two curmudgeonly farmers, "Jenkins" and "Jones", who hated each other but were forced to work together when the former's mule went lame and the latter ran short of corn for his hogs. Hull explained, "it wasn't long before the two old enemies were the best of friends. A common-sense trade and ordinary neighbourliness had made them aware of their economic need of each other and brought them peace."<sup>20</sup> Such, too, was the way with nations.

For Hull, the Open Door swung in both directions. As the primary beneficiaries of cheap prices and plentiful imports, Hull argued, high tariffs hit farmers and workers the hardest. Moreover, as the depression showed, tit-for-tat protectionism sooner or later damaged even those who fiercely supported the principle. He therefore pushed for a new Reciprocal Trade Agreement Act (RTAA), passed in 1934, which allowed the State Department to negotiate reductions in domestic tariffs of up to fifty percent in exchange for reciprocal measures from other nations.

The RTAA was an important step toward a low tariff economy, which was itself a crucial precondition for the global capitalist order of the later twentieth century. By shifting responsibility for tariff negotiations from the legislature to the executive branch, deals were

less likely to be undercut by congressmen whose local interests often conflicted with the needs of the nation as whole. Meanwhile, the administration began raising taxes: an unwise decision in the middle of a depression, but one that helped in the long term to reduce dependence on the tariff as a source of government revenue.

As Smoot-Hawley showed, Congress struggled to resist the destructive influence of protectionist log-rolling. But the RTAA generated economic and political changes that eventually reverberated on Capitol Hill. By transforming a complex debate over the distribution of specific protections for particular industries into a periodic up-or-down vote over whether or not to renew the RTAA, the act encouraged exporters and unions to come together to coordinate their lobbying. In the past it was the protectionists who had been better organized. By boosting exporters, farmers, and unions, the measure helped supporters of lower tariffs grow more influential. The reciprocal trade system thus gradually became more entrenched, and over the next decade large parts of the Republican Party, once staunch supporters of a high tariff, became resigned, and subsequently enthusiastic, to the principle of trade liberalization.<sup>21</sup>

Thanks to the process set by the RTAA, US tariffs fell consistently in the coming decades, and protection receded as a major issue in American politics, at least until the 1970s. In theory, this made it possible for other countries to participate in a US-dominated Open Door order without risking stability. Nations could sell to America to cover the costs of what they bought. In the short term, though, the impact of the RTAA was small.<sup>22</sup> Exports rose by around a billion dollars in the five years following its passage, far less than the volume of trade lost due to the depression.<sup>23</sup> Hull struggled to negotiate substantive deals with countries that, after Smoot-Hawley, remained suspicious of US motives, or were already tied into restrictive covenants with other powers. Hull's greatest success was the

Anglo-American Trade Agreement of 1938, which seemed to open the first cracks in the British preference system. But on the eve of the Second World War, this agreement was more about political symbolism than economic substance.<sup>24</sup> By 1945, the United States' overall effective tariff rates had halved, but this still left them only slightly below the level set before Smoot-Hawley.<sup>25</sup> The battle to lower tariffs would continue for the rest of the century, and beyond.

### ***The Good Neighbor Policy***

With the exception of the British deal, most of the efforts to strike new trade agreements focused on Latin America, where Britain, France, Italy and Germany were displacing US exports through tough bilateral deals, quota arrangements, and even special currencies that could only be redeemed through linked purchases in Europe. Despite these challenges, and a growing enthusiasm for indigenous nationalization in several American republics, the Roosevelt administration continued to pursue the less militaristic approach to hemispheric affairs that began under Hoover. As with Hull's folksy explanation of reciprocal trade, Hoover used simple language to explain this policy shift, declaring that the US should be a "good neighbor" to the American republics. Following his lead, the Roosevelt Administration disavowed the unilateral right to intervene militarily claimed under the Roosevelt Corollary, revoked the most objectionable terms of the Platt Amendment (while holding on to Guantánamo Bay), withdrew the Marines from Haiti, and endorsed a declaration against military intervention at a conference in Buenos Aires in 1936. That year, the president was happy to note, marked the longest period since 1892 that US Marines or soldiers had not been landed on foreign soil.<sup>26</sup>

This newfound restraint did not extend to economic matters. Indeed, some have seen the Good Neighbor policy as an early example of the kind of ambitious economic expansionism that emerged globally after the Second World War.<sup>27</sup> Roosevelt refused to land Marines in Cuba when the Machado dictatorship fell in 1933, but his administration continued to use tariff negotiations, quota bargaining, and credit deals to promote a regime to its liking. In 1937, in the wake of a bruising military defeat, Bolivia, led by the “military socialist” Colonel David Toro, nationalized Standard Oil properties without compensation. Again, the administration eschewed military action, but restated its commitment to the Open Door principle of access to raw materials and withheld aid until an agreement on compensation was promised. The need to solidify hemispheric alliances in the face of a looming war in Europe produced a similar deal when the Cárdenas regime in Mexico expropriated US oil assets in 1938. As with Bolivia, the United States refused to accept the basic legitimacy of nationalization and sought to use loan agreements and other forms of leverage to reopen Mexican oil fields to US corporations.<sup>28</sup>

For many historians, then, the supposedly radical departure of the Good Neighbor policy seemed less radical upon closer examination and perhaps even imperialism by other means. A less controversial way of understanding the policy is to see it as part of a more general convergence in US foreign policy methodology. There existed a contradiction between the sphere-of-influence politics expressed in the Monroe Doctrine and its twentieth-century descendants, the Roosevelt Corollary and the Good Neighbor Policy, and the Universalist idealism of the Open Door tradition. However, from the thirties onwards these distinctions became clouded. By 1945, for many Americans a desire for US dominance and a desire to guarantee an open trading system became essentially equivalent objectives.

### ***Neutrality, Appeasement and Arbitration***

Secretary Hull's belief in the link between trade and peace was dogmatic and deterministic. Arguing that "the political line-up followed the economic line-up," he insisted that the only way to avoid war in Europe and Asia was to ensure that the rising powers had adequate access to markets and raw materials. "To me it seemed virtually impossible to develop friendly relations with other nations in the political sphere so long as we provoked their animosity in the economic sphere," he claimed. "How could we promote peace with them while waging war on them commercially?"<sup>29</sup> If the US could raise the standard of living in these countries, "discontent will fade and dictators will not have to brandish the sword and appeal to patriotism to stay in power."<sup>30</sup> The logical result of this was appeasement. Economic sanctions would only make the needs of rising powers greater and further conflict more likely. Combined with his congenitally-cautious personality, this conviction made Hull deeply reluctant to take steps that might aggravate the fascist powers. In February 1937, the State Department even produced a report that suggested fascism was compatible with a global free trade system. War, if it came, would result from a refusal to meet Germany and Italy's legitimate economic needs.<sup>31</sup> These views were common in Washington at the time, and as late as 1938 the US remained the largest single exporter to Nazi Germany. The United States supplied most of the oil, iron and steel Japan used to build its armed forces, wage war on China, and invade Southeast Asia.<sup>32</sup>

For anti-fascists in the administration, however, the Open Door project could not be divorced from larger questions of power and ideology. Access to resources and markets was important, but the idea that conflict was merely a product of economic necessity seemed naïve given the role played by ideologues like Hitler. A stable international system required not just commercial agreements, but resolute action – economically, diplomatically, and

perhaps even militarily – to stop those working for opposite ends. This meant supporting Britain, France, and China, while isolating Germany, Italy and Japan. For some, it even meant rapprochement with Stalin. Harold Ickes, for instance, believed that Russia was a profoundly repressive state, but at some level communism continued to be animated by the democratic ideals of the Enlightenment, making it “the very antithesis of Nazism … like mixing oil and water.”<sup>33</sup> For other New Dealers the support for Russia ran deeper. Henry Morgenthau’s trusted lieutenant at Treasury, Harry Dexter White, and the State Department’s special assistant Alger Hiss who would play an important role in the creation of the United Nations, argued for better relations with the Soviet Union. After the war, both were exposed as Soviet agents.

The president stood in the middle of this debate, temperamentally hostile to Nazism and Japanese militarism but constrained by the fear of being depicted as a warmonger. A speech delivered in Chicago in October 1937, in the wake of the renewed Japanese assault on China, offered an object lesson in the continuing public hostility to action overseas. Calling for a “concerted effort” from “peace-loving nations” to re-establish the norms of international peace, the president described fascism as a kind of social sickness and proposed “a quarantine of the patients in order to protect the health of the community against the spread of the disease.”<sup>34</sup> His speech produced an outpouring of anti-interventionist anger, which, when combined with the sudden “Roosevelt recession” of 1937 and controversy over the president’s attempt to pack the Supreme Court with supportive judges, left FDR weaker than at any point in his presidency.

The anti-fascist cause was also hindered by the fact that many in the administration tended to overstate the significance of Italy as a potential peacemaker, and underestimate the military threat Japan posed to British power in Asia. Moreover, Welles was quite

Anglophobic, and suspected that the Brits were trying to persuade the US to prop up its empire rather than support a world system of free, sovereign, and open states. By the later 1930s, the president had grown frustrated with the lack of results generated by Hull's free trade project, complaining that "trade treaties are just too goddamned slow. The world is marching too fast."<sup>35</sup> But after the Quarantine Speech, Roosevelt avoided mapping out an alternative plan that might leave him a hostage to fortune.

In fact, Roosevelt made only the smallest moves against the fascist powers during his second term. In 1937, the president's allies in Congress were able to modify the neutrality laws to allow belligerent nations to purchase war material on a "cash-and-carry" basis, or paying in cash and collecting directly from the United States. This benefited the British, but offered no assistance to China, the nation in most urgent need, since it was unable to access the Pacific trade routes blocked by Japan. In December, Japanese planes bombed a US gunboat, the *Panay*, anchored on the Yangtze River, in what seemed to be a deliberate act of provocation. But, as David Schmitz relates, "Rather than becoming another *Maine* or *Lusitania*, the *Panay* was a quickly forgotten episode."<sup>36</sup> Anti-interventionists even used the attack to call for a reduction of the US military presence. The US Ambassador to Japan, Joseph Grew, informed the president that the Japanese were in China to stay, and that the Open Door policy would have to be abandoned.<sup>37</sup> As Japanese aggression continued, the US slowly restricted trade ties with Tokyo, but at a glacial pace. A "moral embargo" on the sale of airplanes and parts was announced in 1938; Japan's most-favoured-nation status was cancelled the next year; in the middle of 1940, restrictions were imposed on the sale of war machinery and aviation fuel; a few months later, sanctions were extended to scrap iron and steel. Even at this late stage, though, the US continued to supply Japan with most of its oil, which could be easily refined into military grade gasoline.<sup>38</sup>

Seeking to play a more active role in Europe, in 1937 the president gave Welles the go-ahead to develop proposals for an international peace conference with a broad remit to discuss tariffs, post-Versailles territorial revisions, and disarmament, but this antagonized Hull and the State Department. According to Welles, Hull moved from “tepid acquiescence” to “violent opposition,” then worked behind the scenes with British Prime Minister Neville Chamberlain to scupper the proposal.<sup>39</sup> Welles bitterly attacked Hull for destroying what he felt was a last chance for peace in Europe, but in truth the time for a negotiated solution had passed. This did not stop the president sending Welles on a personal mission to Europe in the winter of 1939-1940 to revive the conference plan, but with the continent already at war the outcome was, unsurprisingly, abortive.<sup>40</sup>

However problematic, the president’s slow and incremental approach was in line with American public opinion. In the wake of the Nye Committee investigations the American public was highly sensitive to the way in which even small commitments over trade and armaments, or limited sanctions, might lead to military intervention. While critics such as Charles Beard would later attack the president for deliberately pressing the United States into war, the administration took such care to avoid confrontation in the 1930s that it ended up partially underwriting fascist expansion. Only two measures from Roosevelt’s second term really stand out as deliberate efforts to challenge the Axis powers: a deal for the purchase of tung oil from China that provided cover for a \$100 million credit line to the struggling regime of Chiang Kai-Shek; and the restriction of exports of helium to Germany that might be used in military airships. Both policies were driven by anti-fascists in the administration – the first by Morgenthau, the second by Ickes – over vehement opposition from the State Department.<sup>41</sup>

### ***The Path to War***

In the longer term, and in response to the German seizure of Czechoslovakia, the dismemberment of Poland, the Franco-British declaration of war on Germany, the fall of France, and the stories of heroism that echoed across the Atlantic during the Battle of Britain, US public opinion gradually hardened against Germany and Japan. The cash-and-carry provision of the 1937 Neutrality Act expired in early 1939, but Roosevelt won its renewal in the 1939 Neutrality Act, which also ended other restrictions on aid to belligerents. This represented a major victory for internationalists after years of isolationist advance. In the summer of 1940, the president fostered a bipartisan spirit of national unity and bolstered the anti-fascist contingent in his cabinet by bringing in a pair of Republicans, Henry L. Stimson and Frank Knox, as Secretaries of War and Navy respectively. Knox was a key figure in the First World War preparedness movement, while Stimson had stood out defending the Open Door in Manchuria. In short, the two were well-known internationalists, and long advocated the need to confront the Axis powers. Their arrival revealed the shift away from appeasement in the State Department. In September 1940, in his boldest move yet, the president announced that the United States would trade fifty old destroyers to Britain for a series of British military bases spanning the Atlantic seaboard from Newfoundland to the Caribbean. The deal undoubtedly served US interests in hemispheric defence, but it would also help keep the Battle of the Atlantic alive.

Despite this, during the 1940 election campaign, the president offered a fateful promise, echoing Wilson, not to “send American boys into any foreign wars.” Only when his re-election was confirmed for an unprecedented third term did Roosevelt begin to chart a more definitive course away from neutrality, and even then he was careful not to move faster than Congress could be dragged. In a “fireside chat” on 29 December, the president

finally laid his cards on the table. “A nation can have peace with the Nazis only at the price of total surrender,” he said. “Such a dictated peace would be no peace at all. It would only be another armistice, leading to the most gigantic armament race and most devastating trade wars in history.” If Britain collapsed, “All of us, in all the Americas, would be living at the point of a gun.” The United States must become the arsenal of democracy. Only by vastly expanding its support to the British could the nation stay out of war.

Where did this leave the Open Door? Without ever clearly articulating its position, the Roosevelt administration identified three fundamental interests for the United States, all of which reflected longstanding strategic commitments: defending the Monroe Doctrine against European incursions, supporting a free and sovereign China and restraining further Japanese expansion into Southeast Asia, and maintaining British power in Europe and on the high seas. Embedded within each of these specific aims was a more general desire to promote equalized trading rights, open access to raw materials, and defend national sovereignty in the face of fascist expansionism and autarky. Despite the failure of Hull’s reciprocal trade policies, the Open Door idea remained at the heart of US policy.

Echoing Charles Beard’s criticisms in the 1940s, the historian William Appleman Williams saw the decision to go to war as the “final convergence of thought between the Roosevelt and the leaders of America’s corporate economic system,” and as a calculated betrayal of American democracy.<sup>42</sup> It was certainly true that Roosevelt intervened in the Second World War in the hope of saving global capitalism, much in the way the New Deal sought to save capitalism at home from its own worst tendencies. It was also true that he initially presented his policies as a way of keeping out of war when they actually made US involvement more likely. But to suggest that the administration made a choice between democracy on one hand, and capitalism on the other, overlooks the extent to which

Roosevelt believed the two to be inseparable. Moreover, as the president finally set the United States on the path to war in late 1940 and early 1941, in public and private he stressed the need to put aside short-term material interests and focus on the long-range goal of building a stable, secure world order, one that integrated a stable form of capitalism with other commitments to international law, national freedom, and individual security.<sup>43</sup>

“This is a fight between a slave world and a free world,” Roosevelt’s Vice-President Henry A. Wallace, explained in 1942. “Just as the United States in 1862 could not remain half slave and half free, so in 1942 the world must make its decision for a complete victory one way or the other.”<sup>44</sup>

A harsh critic of Roosevelt in the past, *Life* editor Henry R. Luce captured this connection between economic and political freedom in an article written in February 1941. The son of a Chinese missionary and an unrestrained advocate of the Open Door policy, Luce called upon the United States to face down fascism and initiate a new, American century. “It is for America and America alone to determine whether a system of free enterprise – an economic order compatible with freedom and progress – shall or shall not prevail in this country,” he wrote. “We know perfectly well that there is not the slightest chance of anything faintly resembling a free enterprise system prevailing in this country if it prevails nowhere else.”<sup>45</sup>

Thus, when calling for Congress to aid Britain through the Lend-Lease Act of March 1941, the president downplayed short-term economic interests and sought to paint a larger vision of the moral and ethical significance of economic and political liberty. In a famous press conference in which he described lend-lease as like loaning a garden hose to a neighbour whose house was on fire, he explained, “what I am trying to do is to eliminate the dollar sign. That is something brand new in the thoughts of practically everybody in this

room, I think – get rid of the silly, foolish old dollar sign.”<sup>46</sup> This was rhetoric, of course, designed to distract the public from the immense costs of providing aid to Britain. But it also, at least to some extent, reflected his philosophy.

In sum, the decision to go to war was an active, though secret, decision taken by the president some months before the attack on Pearl Harbor. It entailed a massive extension of the Open Door idea. As Roosevelt’s critic Charles Beard said, this was as much about idealism as any narrow economic calculation. This was the Open Door as a political project, not simply a commercial one.

After the Nazi invasion of Russia in June 1941, lend-lease was extended to the Soviets. However, the threat to Japan diminished with Russia’s involvement in the European theatre of war and, consequently, Japan was left free to invade Indochina and begin preparing for further advances into Burma, Malaya and the Dutch East Indies. The United States responded by freezing Japanese assets, which effectively brought about the long-anticipated embargo on oil. This in turn made a Japanese attack on the oil-rich Dutch East Indies, the only feasible alternative source of fuel, highly likely. In September, US navy vessels in the Atlantic were instructed to attack any German vessels threatening lend-lease routes. In Asia, Secretary Hull and the Japanese Ambassador to Washington, Kichisaburō Nomura, continued last-ditch negotiations for peace, but there was no common ground to be found. On 7 December 1941, Japan simultaneously struck the US-controlled Philippines, the British Empire in Singapore, Malaya, and Hong Kong, the Dutch East Indies, and launched a surprise attack on the US naval base at Pearl Harbor. Four days later, Germany and Italy declared war on the United States.

In his memoirs, written after the war, Cordell Hull continued to defend his broken free trade vision. “Yes, war did come, despite the trade agreements,” he wrote. “But it is a fact that war did not break out between the United States and any country with which we had been able to negotiate a trade agreement. It is also a fact that, with very few exceptions, the countries with which we signed trade agreements joined together in resisting the Axis. The political line-up followed the economic line-up.”<sup>47</sup> Hull was confusing correlation with causation. The United States succeeded in securing economic agreements when a political affinity already existed, or when – as in the case of Britain – a nation was prepared to make economic concessions to deepen an alliance that had become essential for survival. Elsewhere, as with Mexico, the United States was forced to compromise its economic goals for political ends and neither for Germany nor Japan did continuing economic relations overcome deeper security conflicts.

In his memoirs Sumner Welles derided Hull’s repetitive speeches on the virtues of free trade, comparing them to a lengthy train of twenty carriages, out of which only a single passenger exited.<sup>48</sup> For Welles, the most grievous error of the interwar years had been to reject Wilson’s call to engage fully with the world, and to hope that peace could emerge from private economics alone. Determined not to repeat the mistake, Welles called for a massive effort to plan a post-war political system. What was needed, he felt, was the kind of state-led planning that the New Deal pioneered at home. With a not-so-secret adversary in mind, Welles suggested that even “those die-hards most wedded to the shibboleth of ‘free enterprise’” had to admit to the “obvious benefits which peoples derive from some forms of government control,” even if this required “a lasting departure from the free economic life of the nineteenth century.”<sup>49</sup>

The war thus led to the reinvention of the Open Door policy as a new kind of managed liberal order. This embedded older commitments to open markets within a new network of institutions designed to promote collective security and economic integration. Such an ambitious vision was only conceivable because of the extraordinary power the United States accrued by mid-century. It also relied on executive power. Lend-lease was run out of the White House by Roosevelt's closest assistant, Harry Hopkins, whose time in charge the Works Progress Administration in the thirties had earned him a reputation as the biggest of New Deal spenders. Both the war itself and planning for post-war military operations were coordinated by the Joint Chiefs of Staff and the president. Welles and Roosevelt led political planning directly, in negotiations with Churchill and Stalin. The Treasury took the lead on economic matters. This diffusion of responsibility left an important legacy in the way that the US projected power during the Cold War. Ironically, despite, or perhaps even because of, his comparative weakness, Hull was consistently one of the most popular figures in the Roosevelt administration, and the State Department was never entirely side-lined. But others closer to the president largely shaped the post-war future.

The continuing centrality of the Open Door idea in American foreign policy was shown at the Atlantic Conference, held in Newfoundland in August 1941. Although at this point the United States had not formally entered hostilities, the Americans were already seeking to put their stamp on the war. The signal document emerging from the conference, the Atlantic Charter, was drafted in large part by Sumner Welles, and served as a blueprint for US policy up to 1945. As well as disavowing any territorial ambitions, the document laid out broad aspirations for national self-determination, economic integration, and disarmament. The most contentious element was Clause IV, which offered a commitment to

"all States, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity." Asked by Churchill whether this meant pulling down imperial protection, Welles affirmed that it did.

It was unlikely that, given their desperate condition, the British could have rejected these terms if the price was walking away from an alliance with the United States. However, the Prime Minister pulled one final card from his hat: no alteration to the preference system could be secured without consultation with the Dominions. The urgency was great, so Roosevelt agreed to the insertion of a crucial qualification, "with due respect for their existing obligations," a wink at the preference system that removed much of the statement's force and clarity.

Although it quickly became a lodestar for anti-imperialists around the world, the British were eager to point out that the charter was a statement of general principles; nothing in it was legally binding. Not so with the Master Lend-Lease Agreement, finally signed after nearly a year of torturous negotiations in February 1942. With its reserves almost run dry, a long-term credit-based method of supplying the British became a pressing need. But although Churchill had described the Act as "the most unsordid act in history", and Roosevelt insisted he was putting away the "silly, foolish old dollar sign", the United States reassured its commitment to ending the imperial preference system. In fact, while there was debate in the administration about whether British debt should ultimately be written off, or insistence made for repayment on commercial terms, there was broad agreement that the British should be made to open the empire to US goods after the war. The British presumed that the Open Door was Hull's obsession and that if they drew out negotiations the White House and Treasury would let the issue die. But upon hearing this,

Roosevelt cabled Churchill to emphasize his deep commitment to the Open Door.<sup>50</sup> As a result, Article 7 of the Act offered a more comprehensive commitment to the Open Door idea than the Atlantic Charter, insisting that US aid should ultimately result in the “elimination of all forms of discriminatory treatment in international commerce, and the reduction of tariffs and other trade barriers.”

Through economic necessity, the British consistently sought to evade these agreements. Indeed, there were regular rumours during the war years that the British re-exported lend-lease aid in order to improve their balance of trade and help rebuild the fraying imperial order. (The preference system was not dismantled until the United Kingdom entered the European Economic Community in 1973.)<sup>51</sup> Still, the master agreement was an important signal of policy intent, and under the beady eye of the Treasury, the US made sure that lend-lease assistance would not be sufficient to rebuild British reserves. Far more important than the language of the treaty itself, this monitoring kept the United States' closest wartime ally in a continuing state of dependence and indirectly contributed to the eventual dissolution of the British Empire.

Debates over post-war economic planning also revealed Anglo-American disagreements over the Open Door. Indeed, the system centred on the International Monetary Fund and the World Bank that was created at the Bretton Woods conference in the summer of 1944 is often presented as the denouement of a great intellectual battle between the brilliant but condescending British economist, John Maynard Keynes, and the single-minded and acerbic American Treasury official Harry Dexter White. There was plenty of verbal pyrotechnics in the negotiations, which began in 1942 and continued for two years, but the outcome was never really in doubt. Thanks to its financial muscle, the United States was dominant from beginning to end, and imposed a system that would allow it to

remain that way.<sup>52</sup> Keynes proposed a model that allowed debtor nations such as Britain to manage their exchange rates and trade policies, designed to permit growth at home, rebuild foreign exchange reserves by controlling imports, and sustain discriminatory trade regimes such as imperial preference. He also suggested a new international currency be created that, unlike gold, would build moderately inflationary tendencies into the global financial system, helping debtor nations grow their way out of crisis.

White and the US Treasury rejected all of these ideas. They were determined that currencies should be closely tied to a stable exchange rate to ensure that deficits fell squarely on the heads of debtors, not creditors like the United States. This was not quite a gold standard, but it was not far from it. Recipients of financial assistance from the new multilateral institutions would be expected to follow certain conditions to merit that assistance: namely opening their borders and putting to an end the kinds of preferential practices that the Americans believed were a primary cause of the global crisis of the thirties. More flexibility could be built into the system by providing liquidity to cover short-term financial crises, larger loans for reconstruction and long-term development, and a process for the controlled adjustment of currencies. National governments would, in theory, be able to balance their interests against the needs of a stable global order. Nevertheless, influence in the major institutions was set at levels proportionate to nations' financial contributions, meaning the US would have by far the biggest voice in how the system was run. Despite the complex architecture, the underlying goal remained strikingly similar to the older incarnations of the Open Door. Bretton Woods aimed to create a stable system of global trade and exchange, in which American goods and investors would no longer be shut out of foreign markets by rules that discriminated against them.

Although the Bretton Woods machinery was never implemented quite as intended, it was highly significant that the White Plan won out decisively over Keynes' vision for the post-war order. The US completely dominated proceedings. Each committee at the Bretton Woods conference debated texts that had been pre-drafted by the US Treasury, and each had an American secretary to produce the "official" minutes, which were then sent to a master committee chaired by White himself, to be used or ignored as he saw fit.<sup>53</sup> Ironically, anti-imperialists in the US press depicted Bretton Woods as a secret conspiracy by the wily Keynes to trick the US into rebuilding the British Empire.<sup>54</sup> In reality, Harry Dexter White was hammering a batch of nails into the coffin of the sterling area, at the same time as developing a new global financial system in which the dollar would reign supreme. This may have been an era of enlightened self-interest in American politics, but self-interest it remained.

Planning for the post-war political order showed a similar interaction between nationalist tendencies and internationalist sensibilities. As with economic matters, the US worked on this issue intensely and largely unilaterally since 1942. Welles assumed control, setting up a series of committees to consider key factors, including politics, security, reconstruction, and territorial adjustments. The result was the United Nations system, designed to promote an international concert of powers by serving as a venue for the peaceful arbitration of disputes without impinging upon US sovereignty. Proposals that would have constrained the great powers to accept the decisions of their weaker national peers were steadily diluted, and the Security Council strengthened the veto power held by the permanent members of the Security Council. One critical issue arising related to whether the new system would have a regional structure, which defenders of the Monroe Doctrine such as Stimson, Knox and Welles preferred, or whether it would be a more

universal deliberative body, the option preferred by Hull, among others. After Welles left office in 1943, Hull was able to assert his views more strongly, and this can be seen in the General Assembly structure that eventually emerged. Nevertheless, a regionalist element persisted under the United Nations' Article 51, which allowed for independent regional security pacts, such as the anti-communist alliances that the United States would create when the Cold War began. This sucked much of the power out of a UN system based on universal global commitments to security.<sup>55</sup> A similar retreat came over trusteeships. Welles was originally hoping that a strong system of international control would be used for territories seized from the conquered enemies, but also to provide a path to independence for Allied colonies. These proposals were undermined when the US armed forces made clear that they intended to maintain a network of military bases after the war to defend the United States' enlarged geopolitical interests. Combined with European resistance, trusteeship was watered down after Welles' departure.<sup>56</sup>

The UN system was by no means a perfect realization of the Open Door idea, then. It represented a compromise between a desire for US dominance and a spirit of internationalist idealism. Moreover, in at least one important sense, US aspirations, while vastly expanded, were never truly global. The Open Door was discussed in reference to the enemy, the imperial democracies, the other American republics, and to China, but not Soviet Russia. During the war, there was comparatively little discussion of the implications of Stalinist influence in Eastern Europe, mostly because planners believed that Soviet pre-eminence was inevitable and that complaining would only encourage Stalin to disengage from the entire international framework. In an echo of the evasive policies adopted towards Nazism during his second term, Roosevelt sought to avoid difficult issues that would get in the way of the more immediate goal of defeating fascism. "The principles for postwar policy

laid down by the Atlantic Charter provided an altogether desirable pattern. Yet they constituted a pattern, and nothing more,” Welles later explained, with an evasiveness that had been markedly absent from his steely exchanges with Churchill in Newfoundland. “They gave no slightest indication, for example, of the justice or injustice of a given settlement covering eastern Poland.”<sup>57</sup>

Indeed, White, Hopkins and Roosevelt never applied the kind of conditionality to Russian lend-lease assistance that was a consistent feature of economic negotiations with the British, stressing instead the need to keep Stalin away from signing a separate peace with the Axis powers. Perhaps it was the closer historical affinity between the US or UK, or perhaps the greater dependence of Britain on its Atlantic partner that produced a willingness to tussle over the Open Door in the Atlantic. But whatever the reason, relations with a Soviet ally that continued to reject the Open Door idea were left unclear, as subsequent generations of US foreign policy actors discovered.

### ***Conclusion***

By 1945 Open Door advocates in the United States had much to celebrate, especially given the tremendous setbacks of the 1930s. Among the great powers who promoted alternative models to the American Open Door, three had been defeated militarily and a fourth, Britain, was economically prostrate, dependent upon Washington’s largesse to keep its sputtering empire in motion. Latin America was, metaphorically speaking, closer to Washington and further from Europe than it had been for generations. Only the Soviet Union remained unmoved.

Despite their many hedges and compromises, the institutions built in the war years represented a great leap forward from the closed politics of the pre-war era. Critics saw in

this new burst of American activity the hidden designs of an aspiring world hegemon; supporters, by contrast, believed that a managed world order would promote peace and self-government. In fact, the Roosevelt administration left conflicting legacies. The Cold War “military-industrial complex” and the UN’s development policies, so often seen as conflicting political alternatives, trace back to this grand unified vision of economic and military security. None of the institutions created during the war came to function as they had been originally designed. Meanwhile, the Open Door policy continued to evolve, producing unexpected, often contradictory, and sometimes destructive, consequences. One thing that the Open Door did not deliver was peace. Still, unlike the First World War, it was clear that the United States would not only participate in global affairs, but would act as a leading force. The price of such participation was that the United States would seek to model global politics to suit its own, distinctive vision of national self-government and open markets.

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<sup>1</sup> Charles A. Beard, *The Open Door at Home: A Trial Philosophy of National Interest* (New York: Macmillan, 1934), vii.

<sup>2</sup> Thomas C. Kennedy, *Charles A. Beard and American Foreign Policy* (Gainesville, FL: University of Florida Press, 1975), 71.

<sup>3</sup> Much of this can be seen as Beard working-through the arguments about the market-based motives for expansion in John Hobson’s *Imperialism: A Study* (1902).

<sup>4</sup> Keynes was also a qualified supporter of comparatively closed economic systems; in his case, the British imperial preference system.

<sup>5</sup> Beard, *Open Door at Home*, 53.

<sup>6</sup> Henry A. Wallace, ‘Beard: The Planner’, *The New Republic*, 2 January 1935.

<sup>7</sup> Kennedy, *Charles A. Beard and American Foreign Policy*, 74.

<sup>8</sup> For a fuller exploration of Beard’s challenge to the Open Door, see Clyde W. Barrow, ‘Building a Workers’ Republic: Charles A. Beard’s Critique of Liberalism in the 1930s’, *Polity* 30, no. 1 (1997): 29-56.

<sup>9</sup> Herbert Hoover, *The Memoirs of Herbert Hoover*, Vol. 3: The Great Depression, 1929-1941 (New York: Macmillan, 1952), 30.

<sup>10</sup> *Ibid.*

<sup>11</sup> Paul A. Varg, ‘The Economic Side of the Good Neighbor Policy: The Reciprocal Trade Program and South America’, *Pacific Historical Review* 45, no. 1 (1976), 49.

<sup>12</sup> Akira Iriye, *The Cambridge History of American Foreign Relations: Volume III, The Globalizing of America, 1913-1945* (Cambridge: Cambridge University Press, 1993), 122.

<sup>13</sup> Lloyd C. Gardner, Walter F. LaFeber, and Thomas J. McCormick, *Creation of the American Empire: U.S. Diplomatic History* (Chicago: Rand McNally, 1973), 386.

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<sup>14</sup> Ibid., 380. Japan would abandon the gold standard in December 1931.

<sup>15</sup> 'Open Door Threatened', *New York Times*, 13 February 1933.

<sup>16</sup> 'Hegemony in East Held Japan's Aim', *New York Times*, 18 January 1934.

<sup>17</sup> Hamilton Butler, 'A New Deal in the Pacific', *North American Review*, June 1933.

<sup>18</sup> Gellman argues that the relationship between Roosevelt, Welles and Hull became so poisonous that it "destroyed much of what they had hoped to leave as their legacy." Irwin F. Gellman, *Secret Affairs: Franklin Roosevelt, Cordell Hull, and Sumner Welles* (Baltimore: Johns Hopkins University Press, 1995), ix.

<sup>19</sup> Harold L. Ickes, *The Secret Diary of Harold L. Ickes*, vol. 3: The Lowering Clouds, 1939-1941 (London: Weidenfeld and Nicolson, 1955), 216.

<sup>20</sup> Hull, *Memoirs of Cordell Hull*, Vol. 1, 365. Historians disagree over the relative importance of domestic economic concerns against the preserving of international peace in explaining the New Deal relationship to the Open Door. See Williams, *Tragedy of American Diplomacy*, ch. 5; Alfred E. Eckes, Jr., 'Open Door Expansionism Reconsidered: The World War II Experience', *Journal of American History* 59, no. 4 (1973): 909-24.

<sup>21</sup> Douglas A. Irwin and Randall S. Kroszner, 'Interests, Institutions and Ideology in Securing Policy Change: The Republican Conversion to Trade Liberalization After Smoot-Hawley', *Journal of Law and Economics* 42, no. 2 (1999): 643-74. See also, Arthur W. Schatz, 'The Reciprocal Trade Agreements Program and the "Farm Vote", 1934-1940', *Agricultural History* 46, no. 4 (1972): 504.

<sup>22</sup> Varg, 'Economic Side of the Good Neighbor Policy', 48-9. This presumably explains why Williams saw Hull's policy as "a rather clumsy reiteration" of policies proposed during the crisis of the 1890s. Williams, *Tragedy of American Diplomacy*, 169.

<sup>23</sup> David F. Schmitz, *The Triumph of Internationalism: Franklin D. Roosevelt and a World in Crisis, 1933-1941* (Washington: Potomac, 2007), 26.

<sup>24</sup> Arthur W. Schatz, 'The Anglo-American Trade Agreement and Cordell Hull's Search for Peace, 1936-1938', *Journal of American History* 57, no. 1 (1970): 85-103.

<sup>25</sup> Stephan Haggard, 'The Institutional Foundations of Hegemony: Explaining the Reciprocal Trade Agreements Act of 1941', *International Organization* 42, no. 1 (1988), 92.

<sup>26</sup> Harold L. Ickes, *The Secret Diary of Harold L. Ickes*, vol. 1 (London: Weidenfeld and Nicolson, 1955), 533.

<sup>27</sup> The "New Deal Cuban policy represented a governmental attempt to direct and enhance private trade and property abroad in such a way as to develop a foreign market rather than merely gain greater access to it." Jules R. Benjamin, 'The New Deal, Cuba, and the Rise of a Global Foreign Economic Policy', *Business History Review* 51, no. 1 (1977), 77.

<sup>28</sup> Clayton R. Koppes, 'The Good Neighbor Policy and the Nationalization of Mexican Oil: A Reinterpretation', *Journal of American History* 69, no. 1 (June 1982): 62-81.

<sup>29</sup> Hull, *Memoirs*, vol. 1, 355.

<sup>30</sup> Schatz, 'The Anglo-American Trade Agreement', 89.

<sup>31</sup> Schmitz, *Triumph of Internationalism*, 43-4.

<sup>32</sup> Arnold A. Offner, 'Appeasement Revisited: The United States, Great Britain, and Germany, 1933-1940', *Journal of American History* 64, no. 2 (1977), 374; Schmitz, *Triumph of Internationalism*, 70.

<sup>33</sup> Ickes, *Secret Diary*, vol. 2, 705.

<sup>34</sup> Franklin Delano Roosevelt, 'Quarantine Speech, 5 October 1937.

<sup>35</sup> Cited in Schatz, 'The Anglo-American Trade Agreement', 101.

<sup>36</sup> Schmitz, *The Triumph of Internationalism*, 54.

<sup>37</sup> Ibid., 56.

<sup>38</sup> For a more sympathetic interpretation, see Frederick C. Adams, 'The Road to Pearl Harbor: A Reexamination of American Far Eastern Policy, July 1937 – December 1938', *Journal of American History* 58, no. 1 (1971): 73-92.

<sup>39</sup> Sumner Welles, *Seven Major Decisions* (London: Hamish Hamilton, 1951), 38.

<sup>40</sup> See Christopher D. O'Sullivan, *Sumner Welles, Postwar Planning, and the Quest for a New World Order, 1937-1943* (New York: Columbia University Press, 2008), ch. 3.

<sup>41</sup> For a detailed critique of Roosevelt's foreign policy during his second term, see Mark M. Lowenthal, 'Roosevelt and the Coming of War: The Search for United States Policy, 1937-1942', *Journal of Contemporary History* 16, no. 3 (1981): 413-40.

<sup>42</sup> Williams, *Tragedy of American Diplomacy*, 200.

<sup>43</sup> For a persuasive early rebuttal of Williams' interpretation, see Eckes, 'Open Door Expansionism Reconsidered'.

<sup>44</sup> Henry A. Wallace, *The Price of Free World Victory* (New York: L. B. Fischer, 1942), 9-10.

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<sup>45</sup> Henry R. Luce, 'The American Century', *LIFE*, 17 February 1941.

<sup>46</sup> Roosevelt Press Conference, 17 December 1940 (<http://docs.fdrlibrary.marist.edu/odllpc2.html>).

<sup>47</sup> Hull, *Memoirs*, vol. 1, 365.

<sup>48</sup> Welles, *Seven Major Decisions*, 29.

<sup>49</sup> *Ibid.*, 28-9.

<sup>50</sup> Warren Kimball, 'Lend-Lease and the Open Door: The Temptations of British Opulence, 1937-1942', *Political Science Quarterly* 86, no. 2 (June 1971), 256-7.

<sup>51</sup> Benn Steil, *The Battle of Bretton Woods: John Maynard Keynes, Harry Dexter White and the Making of the New World Order* (Princeton: Princeton University Press, 2013), 315.

<sup>52</sup> *Ibid.*, 4-5.

<sup>53</sup> *Ibid.*, 211.

<sup>54</sup> *Ibid.*, 203-4.

<sup>55</sup> A detailed account of Welles' postwar planning can be found in O'Sullivan, *Sumner Welles, Postwar Planning, and the Quest for a New World Order*, chs. 4-7.

<sup>56</sup> Thomas M. Campbell, 'Nationalism in America's UN Policy, 1944-1945', *International Organization* 27, no. 1 (1973): 25-44. On Dumbarton Oaks, see David L. Bosco, *Five to Rule Them All: The UN Security Council and the Making of the Modern World* (Oxford: Oxford University Press, 2009).

<sup>57</sup> Cited in O'Sullivan, *Sumner Welles, Postwar Planning, and the Quest for a New World Order*, 201.

## V

**The Open Door and the Cold War, 1945-1968**

The Second World War was a propitious era for liberal internationalism. Key documents such as the Atlantic Charter and the Charter of the United Nations revived and updated the core principles of the Open Door. The 1930s had been a frustrating decade for Republican internationalists and Wilsonian Democrats alike. The League of Nations was rendered inert through its repeated failures to restrain imperial aggression, while the efforts of free traders including Secretary of State Cordell Hull to expand international commerce had failed to stop the path to conflict. Large swathes of the American public had expressed distrust of interventionism and, as the war in Europe began, Roosevelt steered the United States toward the Allied side with only the greatest care. But all hesitancy ended when Pearl Harbor shattered the belief in oceanic security and decimated the anti-interventionist movement. Americans took the attack as proof that closed, imperial systems were the most significant threat to world peace, and that the United States could no longer expect to live in autonomy.

No conflict in American history enjoyed such consensus as the Second World War. Draft-dodging and resistance were at a fraction of the rate seen in any other major conflict in the twentieth century.<sup>1</sup> President Roosevelt knew that the United States would exit the conflict as the world's dominant power, and hoped to avoid the mistakes committed in the aftermath of the First World War. State and Treasury Department plans for peace produced a fertile body of creative foreign policy thinking, through which emerged a raft of ideas for the reconstruction of war-ravaged states, for the occupation, demilitarization, and democratization of the Axis powers, and for the construction of permanent multilateral

institutions to maintain the peace. These plans were a mélange of idealism and great power realism, blending the legal internationalist tradition associated with Woodrow Wilson with the inter-imperial paternalism of Theodore Roosevelt. Unlike the notionally egalitarian voting structure of the League of Nations, the new United Nations organization embedded disparities in global power, granting the five major allies – Britain, the United States, France, China and the Soviet Union – permanent membership and veto rights within the Security Council. However, it also included a mandate system for transitioning colonial territories to independence, and extended the commitments of the Atlantic Charter to universal human rights and economic and social advancement for all peoples.

The Bretton Woods institutions, namely the International Monetary Fund (IMF) and World Bank, also aimed to strike a balance between interest and idealism. The Treasury Department's chief economic planner, Harry Dexter White, designed a system that entrenched the dollar as the world's reserve currency, defended the interests of creditor nations against global inflation, and moved the world's currencies toward convertibility. Collectively, these measures gave the United States tremendous influence over the shape of the world economy. As with the Security Council, control was guaranteed through weighted voting systems that placed decision-making in the hands of the largest donor countries, which meant above all the United States. However, White also tried to build in space for individual nations to pursue growth and high employment by providing adjustment periods before nations were obliged to move to full convertibility, international credit lines to limit the impact of currency volatility, and mechanisms for the revaluation of exchange rates in the case of persistent trade deficits. The political scientist John Ruggie characterized this balance between national planning and international coordination "embedded liberalism."<sup>2</sup>

Through these balancing acts, the United States hoped that the great powers would be persuaded to pursue their interests within the multilateral system, rather than rejecting it, as Japan and Germany had with the League of Nations. If the strongest nations could work out their differences peacefully, they might restrain weaker powers seeking to advance their position through conquest. Gradually but inexorably, the world could hence move toward a state of greater openness. Hull told Congress in 1943 that “there will no longer be need for spheres of influence, for alliances, for balance of power, or any other of the separate alliances through which in the unhappy past the nations strove to safeguard their security or promote their interest.”<sup>3</sup>

Amid the destruction, many Americans saw hope. Perhaps most famously, the defeated Republican candidate for president in 1940, Wendell L. Willkie, embarked on a round-the-world tour in 1943 and published a book on his return, *One World*, which quickly became a best-seller. Its title became a neologism for liberal internationalism much in the way the Open Door had come to symbolize anti-colonialism and open markets in earlier decades. In the Middle East, the Soviet Union, and Asia, Willkie described nations and peoples in ferment, yet united in their desire to build a better world. If the United States rode this wave, he argued, great richness would come, since these lands were “a vast, dry sponge, ready to soak up an infinite quantity and variety of goods and services.” Even the Russians, “a hardy, direct people” with “great admiration for everything in America, except the capitalist system”, were in need of “a limitless amount of American products” to fuel their breakneck industrialization. US interests would be served by one-worldism in direct, material ways, but also morally and politically, since “the present lack of equilibrium between these peoples and their world is a potential source of conflict, the possible origin of another war.”<sup>4</sup>

Willkie's internationalism reflected older themes of the connection between trade and peace, but he expressed America's liberationist aspirations at arguably their most expansive. He criticized the militarization and division of Europe, calling for an end to empires and pushing for universal access to markets, for "there will be no economic stability," he said, "unless we find the method by which we can begin to break down the unnecessary trade barriers hampering the flow of goods."<sup>5</sup> He was not alone in offering sweeping visions for the future in these years, many of which went beyond the Open Door's original, paternalistic tone. The former Undersecretary of State Sumner Welles wrote in August 1945 that there was a "great opportunity" for the principle of territorial integrity in China to "become a fact, rather than a hypocritical phrase. The 'open door' should become a reality rather than a screen for exploitation."<sup>6</sup> Behind the scenes, diplomats were more pessimistic about the possibility of a one-world future, especially those who had worked in Moscow. But when George Kennan, at that time the deputy chief of the Moscow mission, called for a spheres-of-influence approach instead – jettisoning the United Nations, writing off Eastern Europe, and working to constrain Soviet power wherever possible – his fellow diplomat Charles Bohlen said such policies were alien to America's idealistic traditions. "Foreign policy of that kind cannot be made in a democracy," he said.<sup>7</sup>

### ***Open Door Thinking and the Origins of the Cold War***

The internationalist ethos persisted beyond the death of President Roosevelt in April 1945. The incoming president, Harry S. Truman, was more moralistic and more anti-communist than his predecessor, believing in the virtue of speaking frankly – some might say harshly – to Stalin and Molotov. Nevertheless, Truman affirmed his commitment to reciprocal trade in his first press conference and pushed forward with the UN.<sup>8</sup> The United Nations would not

work, he argued, unless all the great powers were included, and he was pleased when Molotov attended the San Francisco Conference as a sign of respect for the recently-deceased Roosevelt; it had looked as if the Soviets might absent themselves due to tensions over Poland.<sup>9</sup> Truman admitted privately that some form of Soviet dominance in Eastern Europe was inevitable, but he continued to speak of the possibility of cooperation in public.

Truman's initial plans for the reconstruction of Europe showed remarkable continuities with older Open Door commitments to open trade, national self-determination, and international cooperation. The president believed that European reconstruction would come from the development of a huge, integrated market in which the Rhine and Danube linked the food-producing nations of the east with the industrial zones of the centre and west. He imagined the great rivers of Europe connecting to a "vast network of canals which would provide a passage all the way from the North Sea to the Black Sea and the Mediterranean," and from there on to the Suez, Panama and Kiel canals, through which international access to European commerce would be guaranteed.<sup>10</sup> With this, the continent would become stable, increase its exports, and gradually pay down its debts without relying on the kind of discriminatory practices that had caused so many problems in the 1930s. In short, this was an Open Door in Europe. Meanwhile, in China, the president focused his diplomacy on trying to get Stalin to endorse the Open Door policy formally, in exchange for acquiescing to Soviet pre-eminence in Manchuria, replacing the defeated Japan.<sup>11</sup>

There was, in short, little expectation that the United States would have to permanently sustain its military presence around the world, or continue indefinitely the kind of economic and military support it offered to its allies during the war. The end of the conflict renewed interest in commercial expansion, and part of the appeal of Open Door thinking lay in the hope that international trade could replace the Allies' seemingly limitless

thirst for US loans and aid. Congress pressed for a rapid demobilization, and Truman began thinking about how he could balance the books, pencilling in large spending cuts soon after taking office. Within three days of V-E Day, Truman precipitously halted lend-lease aid to the Allies; some ships already in transit were ordered to return home.<sup>12</sup> Although this was a decision born of thoughtlessness rather than strategy and proved to be so geopolitically damaging that it was quickly rescinded, it showed the president was anticipating a phased reduction of overseas commitments and a gradual movement to a peaceful international order. He certainly did not expect a half century of military, political and economic conflict.

Over the next five years, the United States became caught up in increasingly bitter quarrels with the Soviet Union over Austria, Germany, Eastern Europe, the Middle East, China, and Korea. But even as the Cold War took shape, Open Door rhetoric remained a major theme in US diplomacy – most explicitly in China, where it served as a benchmark for all policymaking, but the term also popped up in pointed diplomatic exchanges in Europe, Africa, the Middle East and elsewhere in Asia. Indeed, a central complaint raised against the Soviets was that they were undermining the Open Door commitments written into wartime agreements at Yalta and Cairo and building the kind of closed, imperialistic, sphere-of-influence politics that, to the American mind, had been responsible for the carnage in the first place. In the increasingly tense confrontations over commercial access and political rights in the Balkans, the civil war in Greece, the security of Turkey, and the presence of Soviet troops in Iran and China, the Open Door principle was invoked as a benchmark against which to condemn Soviet actions.<sup>13</sup>

As the *New York Times* pointed out, it was, therefore, “not without significance” that the United States lodged its first strong Cold War protest in March 1946 “against what we regarded as the Russian attempt to close the Open Door in Manchuria.”<sup>14</sup> This was issued at

the same moment that Churchill was giving his famous “Iron Curtain” speech in Fulton, Missouri. As late as March 1947, at a speech at Baylor University, Texas, President Truman continued to affirm his belief in the intrinsic connection between international trade and peace. Using language that echoed Cordell Hull and John Hay, Truman declared that “peace, freedom, and world trade … are inseparable.” To support the point, the president rehearsed what had become the dominant view of the path to the Second World War. “From the tariff policy of Hawley and Smoot, the world went on to Ottawa and the system of imperial preferences, from Ottawa to the kind of elaborate and detailed restrictions adopted by Nazi Germany,” he said. “Nations strangled normal trade and discriminated against their neighbors, all around the world.”<sup>15</sup> Since fascist aggression was explicitly linked to competition for scarce resources and markets, it stood to reason that the restoration of international trade would decrease the likelihood of future conflicts.

### ***Kennan, Containment and the Challenge to the Open Door***

Although it was used as a stick with which to beat the Soviets, some senior US officials regarded the Open Door’s idealism as ill-suited to the new global crisis. They called instead for a more discriminating assessment of core and peripheral interests and a more multifaceted approach to the deployment of American power. Efforts earlier in the century to place the Open Door at the centre of policymaking routinely stumbled against questions of power and interest. Should the United States enforce free and equal trade and impose national sovereignty if other powers were not willing to play along, even in places that were not strategically important or if the public was resistant? Before Pearl Harbor, successive administrations failed to persuade voters of the need to restrain the nation’s rivals. The lesson of the Second World War seemed to be that force might indeed be necessary to

defend access to markets and strategic raw materials, and to defeat foreign aggression. But in the debate over when, where, and how the United States should project its power, claims about the contribution of open markets and national sovereignty to peace, while comforting, offered little guidance.

In a series of lectures given in 1951 at the University of Chicago, George Kennan encapsulated this view in a savage indictment of the Open Door tradition, in which he contrasted the limits of US power at the beginning of the century with the virtually unlimited aspirations of the American people. The lectures were subsequently published as a book, *American Diplomacy 1900-1950*, and became a foundational text for Cold War diplomats and scholars. The Open Door policy, he argued, that had been based on little understanding of conditions in Asia. Inasmuch as events had vindicated it, this was due to good fortune, not design. Nevertheless, inclined toward naïve and moralistic sentimentality, Americans bought in to the concept wholeheartedly, such that John Hay “created a precedent that was destined to bedevil American diplomatic practice for at least a half-century thereafter and may – as far as I can see – continue to bedevil it for another half-century since.”<sup>16</sup> In the forty years since its articulation, Kennan believed, “the burden of our song” had continued to be the Open Door, but the United States had never truly been willing, or able, to stand up and enforce its demands.<sup>17</sup> Indeed, it was not always clear what those demands were. The goals of the Open Door policy were at once so general that no power could realistically disagree with them, and at the same time so vague that they could never be the basis of any meaningful calculation of means and interests. Rather than a guide for action, the Open Door was a feverish delusion held by Americans who had been lucky enough to be insulated from the consequences of their ignorance, but were protected no longer.

This diagnosis ignored the ways in which the Open Door, since Hay, accommodated itself to great power realities. The concept was more flexible, and often used in a more realistic way, than Kennan admitted. Moreover, in line with other mid-century liberals who, in the light of fascism, saw danger in the unchecked expression of the popular will, Kennan's attack was as much a product of his suspicion of democratic influences in foreign policy as of any critical study of the Open Door tradition itself. His views reflected and reinforced a troubling distance between policymakers and the public in the Cold War era. To Kennan the appeal of the Open Door was not its strategic utility but its moral urgency; it was adopted by Americans "in the unshakeable belief that, if our principles were commendable, their consequences could not be other than happy and acceptable."<sup>18</sup> Kennan thus saw popular affection for the Open Door as a product of a basic emotionalism: namely, a sentimentality in strategy, rage and "blind petulance" when threatened. A far better alternative would be to leave policy in the hands of experts – such as him – who were able to realistically assess American needs and calmly plan the best way of realizing them.

The alternative that Kennan had attempted to promote since 1947 was a matrix of anti-communist policies that came to be known as "containment". The word itself was first coined in Kennan's "Long Telegram," sent from Moscow to Washington in February 1946, which offered an assessment of Soviet motives and capabilities, and outlined an approach the United States might take to limit communist expansion, and gained public attention in the wake of the publication of Kennan's article, "The Sources of Soviet Conduct," in *Foreign Affairs* in the summer of 1947.<sup>19</sup> Kennan downplayed the chance of any direct attack from the Soviet Union, believing Stalin was more tactically astute than Hitler. He also opposed any pre-emptive Western attack on Russia. Instead, he predicted a long East-West rivalry

and, believing that the communist state would eventually collapse under the weight of its internal contradictions, called for careful and patient resistance.

Almost from its inception, however, containment policy was shaped by the same political dynamics that Kennan had criticized with the Open Door. The Truman Doctrine, announced in March 1947, already offered a more apocalyptic interpretation of the Soviet threat, precisely because the president, recalling Roosevelt's battles over American neutrality in the late 1930s, believed that a vivid call to arms was necessary to bring a sceptical Congress into line. As well as specifically announcing the United States would support the Greek and Turkish governments in the wake of British withdrawal, Truman offered a sweeping promise to support all peoples and states around the world resisting "totalitarianism." Quite contrary to Kennan's call for nuance, Truman offered an explicitly global commitment – "wherever aggression, direct or indirect, threatened the peace, the security of the United States was involved."<sup>20</sup> The president made no effort to match policies with capabilities. Nevertheless, Truman presented containment as a defensive posture, a middle point between appeasement and military confrontation, which reflected the new state of "cold" war.

Over the spring and summer of 1947, the Truman administration gave up on efforts to reach agreement with the Kremlin over trade and the sovereign rights of nations in Eastern Europe, and set about building its defences. Kennan was brought in to head up the State Department's Policy Planning Staff, and from there he worked with Secretary of State George C. Marshall to give the containment idea greater definition. Arguing that the United States should play to its strengths, Kennan stressed the particular importance of leveraging the nation's tremendous economic capacity to strengthen a global anti-communist alliance. The US government already provided the lion's share of emergency funding for the United

Nations Relief and Rehabilitation Administration (UNRRA) immediately after the war; this was now followed by \$13 billion dollars under the Marshall Plan for European reconstruction, delivered between 1948 and 1952, and a further series of bilateral agreements with key allies in the same period. Between 1946 and 1953, the United States doled out around \$33 billion in non-military support to its anti-communist allies, both as grants and loans with favourable repayment terms.<sup>21</sup>

In some senses, the foreign economic policies that emerged under containment were entirely in line with the Open Door policy. The business and financial sectors were an important source of political and diplomatic personnel in the Cold War, much as the legal profession had provided a ready supply of employees to the State Department earlier in the century, and they brought with them a particular concern with the importance of foreign export markets. This chimed with broader fears about the potentially destabilizing impact of conversion to a peacetime economy. In a speech in 1945, the Assistant Secretary of State for Economic Affairs Will Clayton, a former cotton marketing executive, estimated that it would be necessary to export at a rate three times the pre-war level "if we want to keep our industry running at somewhere near capacity."<sup>22</sup>

In practice, though, the mercantilist component of the Open Door idea – already challenged by Hull in the thirties and delayed during the Second World War by the need to keep America's allies afloat – was compromised further during the Cold War, which required the United States put its geopolitical interests ahead of its economic welfare, at least in the short term. Early in the century, the United States pursued foreign markets but kept its domestic market closed. Now, officials recognized that there was no way that America's trading partners could maintain their demand for American products unless they were given direct support. The United States would have to underwrite Europe's economies, quite

possibly for an extended period of time, if it wanted to build a stable export environment in the longer term.

If the goal was to boost domestic production, the government might have stimulated demand at home in any number of ways, as Charles Beard had pointed out in the thirties. However, upon taking office Truman planned to cut federal spending by more than \$7 billion.<sup>23</sup> It was the political imperative of anticomunism that drove the United States to sustain a more interventionist stance around the world, not short-term economic calculation. It was certainly true that the Marshall Plan was intended to keep European markets open for US goods, and in the long-run to build a world safe for capitalism and in this sense, containment policy reflected the Open Door idea. However, without the fear of the Soviet Union, US economic commitments like Marshall Aid would likely have been smaller and far more transactional. Anticomunism was crucial in legitimating the post-war reconstruction project, especially in Congress, which felt most forcefully the pressure from taxpayers.

Containment reversed the polarity of the Open Door, encouraging the United States to foot the bill for economic reconstruction rather than to seek out immediate economic benefits. In part, this resulted from the way Americans understood the Soviet threat. While they regarded fascism as an ideology of war and conquest, communism was typically associated with conspiracy and subversion. Analysts like Kennan saw little chance of a Soviet invasion of Western Europe; it was hard to imagine that the Red Army would risk open warfare with a nuclear-armed America. So Americans believed the risk came from internal subversion. Reports of starvation, strikes and rioting in Europe fuelled fears of revolution. As President Truman stated in his Truman Doctrine speech, “The seeds of totalitarian regimes are nurtured by misery and want.”<sup>24</sup> Direct economic support was therefore vital to cement

the anti-communist alliance. The United States shifted from the short-term pursuit of surpluses to a longer-term effort to support a global network of allies, in the hope of bringing about the collapse of the Soviet Union.

Emergency life support was one thing, and Truman – in collaboration with the leading Republican interventionist, Senator Arthur H. Vandenberg – persuaded Congress to support the Marshall Plan on these terms. Building a more secure global order, however, required far-reaching reforms to the international terms of trade. Marshall Plan administrators pressed European governments to keep wages depressed and prioritize capital investment, so that exports would be more competitive. They insisted that politicians exclude leftist parties from ruling coalitions to cement pro-market politics. But, following Cordell Hull, policymakers also argued that the United States would itself have to become more open, otherwise Europeans could never overcome the persistent “dollar gap” generated by Europe’s perennial balance of trade deficit. Moreover, it made little sense to force open colonial markets, since this too would fuel economic crisis in Europe. Indeed, traditional Open Door objectives such as bringing an end to colonial exclusivity and increasing US trade surpluses were precisely the measures most likely to fuel economic and political crisis and thereby doom the containment project. The United States let the costs of reconstruction fall on workers, on American taxpayers, and on colonized people instead. As historian Perry Anderson has stated, “For the time being, the Open Door would have to be left somewhat ajar.”<sup>25</sup>

The overall result was an “ambivalent pattern of pressure and support on the West Europeans,” as historian Charles S. Maier put it, a noticeable departure from the older versions of the Open Door policy, albeit within the context of a long-term commitment to building a global system of open trade.<sup>26</sup> Consequently, some incoherence can be seen in US

policy at this time, particularly in terms of Anglo-US relations. The United States had been trying to crack open the imperial preference system and had forced the British to sign up to commitments to free its inter-imperial trade under the wartime lend-lease agreement. These were never honoured, though, and after the war Britain fought to retain its exclusive markets. Indeed, the British felt they had little choice. They accrued huge sterling debts with their colonies during the war and, like other European powers, suffered from a huge current account deficit with the United States. To avoid complete collapse, let alone fund the ambitious nationalization and welfare state policies promised by the incoming Labour government, Britain needed to restrict the import of cheap American goods into the empire and limit the convertibility of sterling. That would force commonwealth countries with large piles of wartime pounds to buy British.

In theory, a near-bankrupt Britain desperately in need of support provided the perfect opportunity to bring the empire to heel; throughout the Second World War the US carefully managed lend-lease aid to make sure that Britain could not build up capital reserves that might give it room to manoeuvre. When lend-lease was brought to an end in August 1945, the British sent John Maynard Keynes to Washington, cap in hand, to seek a new deal. American negotiators offered only a loan, not a grant, and insisted that it would be contingent upon the British finally ending imperial protection and restoring full convertibility between sterling and the dollar. After much painful negotiation, and in exchange for \$3.75bn at 2%, Britain agreed to move sterling to full convertibility. But when this happened, in July 1947, the holders of sterling debts across the Commonwealth immediately began cashing their money in for dollars to buy goods outside the sterling area. Within a month, more than a billion dollars had been used up servicing currency transactions, and Britain was forced to suspend convertibility. Two years later, in the midst

of a second economic crisis, the UK government was forced to devalue the pound by nearly a third: exactly the kind of panicked currency manipulation the Bretton Woods system was supposed to have eliminated.

Although the technicalities of this crisis were complex, the basic issue at stake was straightforward. In Britain as in continental Europe, efforts by Americans to open markets for their businesses conflicted with the effort to support these countries' financial reconstruction. Forcing damaged and uncompetitive economies to open their doors, or to end the unequal trade agreements they built up with their colonies, could play into the hands of the enemy. As a result, while continuing to stress their long-term aim was promoting access to overseas markets, policymakers found themselves forced by necessity to compromise their Open Door aspirations.

Originally, the US planned for three economic institutions after the war: the IMF, the World Bank and a new organization specifically focused on promoting free trade, the International Trade Organization, or ITO. However, efforts to secure an interim trade agreement – the General Agreements on Tariffs and Trade (GATT), negotiated at Geneva in 1947 – were so contentious that the ITO was doomed before it began. The GATT talks produced many American concessions and few from the Commonwealth. The final agreement was riddled with delaying mechanisms and escape clauses, allowing for import quotas, protections, and discriminatory customs unions, virtually everything the United States was hoping to eliminate.<sup>27</sup> This was not down to diplomatic incompetence. As historian Thomas Zeiler argues, the United States deliberately made concessions that it believed were necessary to strengthen Western Europe's economies: "Policymakers sacrificed economic gain for diplomatic objectives".<sup>28</sup>

Frustrated by the agreement that emerged, many in Congress began to temper their support for the Truman administration's trade agenda. Conservatives, in particular, began calling for exemptions to the Reciprocal Trade Agreements Act for US industries that were "imperiled." Key interest groups began calling for exemptions and restrictions, and several had to be bought off with federal subsidies. Meanwhile, the Department of Defense lobbied against the Open Door principle of international access to raw materials, hoping to maintain stockpiles of materials it considered militarily significant.<sup>29</sup> GATT was eventually passed, but in the light of the anger it generated, plans for the ITO were shelved in the winter of 1950. Its successor, the World Trade Organization, would not come into existence until 1994, nearly half a century later.

In the 1950s and 1960s, the United States continued to push for trade liberalization, seeking to extend and expand GATT rather than resurrect the ITO. But each round of deal-making imposed heavier demands on the United States than the overseas markets it had once been so determined to access. The economic historian Alfred E. Eckes, Jr. calculates that the average tariff on dutiable goods entering the United States fell from a peak of nearly 60 per cent at the time of the Smoot-Hawley Act, to around 12 per cent in 1960.<sup>30</sup> Cheaper imports improved the standard of living for American consumers, but they also intensified competitive pressures on manufacturers and arguably contributed to the long-term decline of powerful industries such as automobile production. It may be, as free traders would argue, that this created space for new kinds of tertiary business to emerge. But opening America's doors also led to challenges of adjustment that a more economically nationalistic policy would have considered intolerable.

Superficially, US support for the common market in Europe seemed to be more in line with the Open Door tradition, applying Truman's vision of an integrated European

market using internal trade to pay off its debts. But even here, the United States was more concerned with promoting a network of stable allies than gaining short-term economic advantage. US negotiators failed to make a dent in Europe's highly protected agricultural market. Critics at home began to complain that Europe was moving into a permanently unbalanced relationship with the United States characterized by low and falling tariffs internally, but with a high wall keeping out American goods.

A similar story unfolded in Asia. The desire to transform America's defeated enemy, Japan, into the centrepiece of resistance to communism in East Asia resulted in the United States offering a platter of favourable deals over post-war reconstruction. The US occupation began with efforts to transform Japan, promote democratic politics and support land reform. However, as Cold War thinking took over, the United States made peace with conservative elites and abandoned efforts to challenge the "deep-seated mercantilist impulse in Japanese thinking." Plans to abolish the *zaibatsu* cartels that dominated Japanese industry stalled, and a highly centralized system of state-private sector coordination emerged instead under the Japanese Ministry of International Trade and Industry.<sup>31</sup> America's partners around the world, recognizing their value to the United States was as much political as economic, became adept at using fears of communism to strengthen their hand in negotiations. With unconcealed racism, Eisenhower's Secretary of State John Foster Dulles once described South Korea's first president, Syngman Rhee – whose state received more than \$12 billion from the United States between 1945 and 1965, more than \$600 per person – as an "Oriental bargainer" and a "master of evasion." Eisenhower believed Rhee's negotiating strategy was little more than blackmail.<sup>32</sup>

### ***The Open Door Defended***

Containment policy thus represented a conscious movement away from the Open Door idea. Indeed, John Lewis Gaddis's classic post-revisionist synthesis of Cold War strategic thought, *Strategies of Containment*, includes only one reference to the concept in more than 350 pages.<sup>33</sup> Perhaps unsurprisingly, then, some of the most vocal defenders of the Open Door were also the most committed opponents of containment. For instance, many left-wing commentators argued that the Open Door policy implicitly tolerated great power spheres of interest in China that were not so different to the situation in Eastern Europe. Unlike containment, which made a fetish of the ideological conflict between communism and capitalism, the Open Door did not present the internal political character of rival empires, monarchies and republics as a barrier to commercial coordination. Moreover, progressives often pointed out that the US was itself violating the supposedly sacred principle of respect for national sovereignty and administrative integrity. Owen Lattimore, a former US advisor to Chiang Kai-shek who had grown disillusioned with the Nationalist regime and emerged as an influential voice on the Left on Asian affairs, noted that the United States had seized Pacific islands for defence purposes without any concern for democratic due process.<sup>34</sup>

Left-wing opposition to containment gathered around the leadership of former Vice-President Henry Wallace, who served as Truman's Secretary of Commerce until September 1947. Fired after a series of increasingly direct challenges to the president's in cabinet, and after a speech in April 1947 that directly challenged the containment doctrine, Wallace argued that keeping the door open to the Soviets through loans, trade agreements and diplomatic engagement was a viable alternative to confrontation, and that his approach was closer to Roosevelt's wartime strategy of keeping the "Big Three" united.<sup>35</sup> He insisted that Soviet efforts to construct socialist regimes in Eastern Europe were no different to US

efforts to promote capitalist ones in the West, and claimed that the communist bloc could be kept open to peaceful commercial exchange, as long as all parties agreed on “an open door for trade throughout the world.”<sup>36</sup>

Many critics remained sceptical that such an arrangement was possible with a “totalitarian” regime. The *Washington Post* argued, “Secretary Wallace appears to want a ‘one world’ in economics and a bloc world in politics. How one can keep economics and politics separate is one of those mysteries which we must let Mr. Wallace solve.”<sup>37</sup> Nevertheless, the United States had managed to sustain a degree of commercial interchange with the Soviet Union in the 1930s, as well as underwriting the Soviet war effort through lend-lease. Throughout his time in office, Roosevelt showed little concern about the internal political character of the Soviet Union, and to Open Door advocates on the Left this suggested that some kind of modus operandi between East and West might be reached.

Ironically, hard-line anti-communists on the Right also sought to use Open Door rhetoric to attack containment, although they argued for an aggressive pursuit of political and commercial access in the communist world. Although they routinely applied their arguments to Eastern Europe, right-wing anti-communists were particularly animated by China, a region that Kennan considered to be of secondary geopolitical significance due to its industrial underdevelopment, but which had particular resonance within the Open Door tradition. Right-wing interest in China was the result of many factors, not least the enduring connections of American businessmen and evangelical Protestants to the region, who did not depart in significant numbers until Mao and the Chinese Communist Party took power in 1949. China was also significant as a political tool since the American right and particularly the anti-communists in the Republican Party routinely blamed the Truman administration for the collapse of the Chiang Kai-Shek’s regime. General George C. Marshall, then the

Army's Chief of Staff, pushed Chiang into peace negotiations with his communist enemies in 1945, which soon fell apart, and the Truman administration failed subsequently to provide effective support to the Nationalists.

Frustrated with Chiang's inability to reform, the Truman administration instead focused on keeping out of the Chinese civil war. By 1948, the United States adopted a policy of *de facto* neglect, described by one press commentator as a shift from the Open Door to an "open-mind" policy, "watchful waiting as the alternative to an impossible military involvement designed to save a regime which has lost the support of the Chinese people."<sup>38</sup> This apparent aloofness gave the impression to right-wingers of a dithering president who had "lost" China for the West, in a similar way to the case made about Roosevelt's "concessions" on Eastern Europe at Yalta.

With increasing ferocity, radical anti-communists attacked Roosevelt's and Truman's policies as a cowardly retreat from an Open Door policy that stood for half a century and was, alongside the Monroe Doctrine, one of only two "fixed and enduring definitions that our foreign policy has ever had."<sup>39</sup> In May 1946, the textile importer Alfred Kohlberg persuaded dozens of influential anti-communists, including *Time* magazine publisher Henry Luce, to sign the "Manchuria Manifesto," which called for a stronger commitment to Nationalist China. Describing the Open Door policy as "the keystone of American security in the Pacific," the manifesto asked, "Shall we abandon that policy now when it is more needed than ever, and when victory has given us a chance to achieve it?"<sup>40</sup> Attacks from the pro-Nationalist "China lobby" grew in intensity as Chiang's regime splintered, pushing even moderate politicians in a radical direction. In November 1947, the Republican Governor of New York Thomas Dewey, in positioning himself for a run against Truman in 1948 and fearful criticism from the Right, gave a major speech on China in which he argued for an aid

program analogous to the Marshall Plan.<sup>41</sup> “Next to the Monroe Doctrine our policy of the open door and the political integrity of the Chinese Republic is the oldest and most fundamental part of the foreign policy of the Government of the United States,” he stated. “Time and again over the years we have re-emphasized that policy through Republican and Democratic administrations.” Pearl Harbor was a direct result of the nation’s commitment to the Open Door in China, he claimed, and yet now “our Government watches the same China under the same government rapidly being overrun by a new aggression.”<sup>42</sup>

The fact that political rivals on the Left and the Right could claim the Open Door as their own is testament to the concept’s continuing appeal and flexibility. Arthur Schlesinger, Jr. later wrote that “belief in the open door could lead equally to containment or to appeasement.”<sup>43</sup> Nevertheless, the idea that the United States’ historic commitments were under threat tended to strengthen the forces of intervention more than those of accommodation, especially while memories of Nazi appeasement in Munich were fresh. As a result, the evocation of the Open Door pushed containment policy in a more expansive and aggressive direction, rather than toward the accommodation advocated by the Left. As Kennan pointed out, the Open Door was a policy of ambition, not limits. “Two things have been cardinal principles of American foreign policy for generations,” the journalist Dorothy Thompson declared, “the sanctity of treaties, and the open door in China ... To have won the Japanese War on the atolls and islands of the Pacific in order that the Soviets should supplant the Japanese is unthinkable.”<sup>44</sup>

By 1949, critics of the administration presented the imminent collapse of the Open Door in China in strikingly imperialistic terms. Following the surrender of Peking to Communist forces in January, Major General Claire Chennault argued that Mao’s victory in China would “channelize the undercurrents of native unrest already swirling through Burma,

India, Malaya, and Indonesia,” leaving the United States facing “a ring of Red bases ... from Siberia to Saigon.”<sup>45</sup> After 110 years, “if the Opium War of 1839 is to be taken as the starting point of western military penetration of China,” an editorial in the *Los Angeles Times* argued, “a historic era is coming to an end with the white man wearily laying down his burden in a somewhat less decorous way than the one adopted by the British when they left India in 1947.”<sup>46</sup>

As the Cold War heated up, left-wing interpretations of the Open Door were the first to be silenced, followed by more moderate interpretations of containment. In the 1948 election, widespread red-baiting crushed the independent Progressive Party movement launched by Wallace after his ejection from the Truman administration. The Truman administration moved to the right. Significantly, too, the United States abandoned its traditional hostility to permanent military alliances and signed a series of mutual security agreements to buttress its efforts to support economic reconstruction. The first was with the American republics in the Rio Pact of 1947, but the most important agreement was with the Western European nations in the North Atlantic Treaty Organization of 1949, followed by the Treaty of Mutual Cooperation and Security with Japan in 1952. These commitments reshuffled the diplomatic cards. The United States brought the defeated enemies of the Second World War – Italy, Japan, and the Western half of Germany – into a new alignment with Britain and France, against its former wartime allies, China and the Soviet Union.

Staunch anti-communist Undersecretary of State Dean Acheson replaced Marshall as secretary of state, and Paul Nitze replaced Kennan on the policy planning staff. Together the new appointments moved containment in a more militaristic direction. This did little to mollify right-wingers, though. Acheson was attacked as a communist and, some implied, a closet homosexual, accusations that Senator Joseph McCarthy often made as evidence of

Acheson's un-American moral compass.<sup>47</sup> Inspired by the China Lobby, McCarthy argued that the collapse of the Open Door in China was not just a fiasco, but evidence of treason at the highest reaches of government.<sup>48</sup> Senator Millard Tydings, a key McCarthy ally, held hearings on China between March and July 1950, which dragged old "China hands" such as Owen Lattimore and John Stewart Service over hot coals for their criticisms of the Chiang regime. Service was dismissed from the State Department; a later investigation found this to be without cause and he returned to active duty in 1957. The Tydings Committee also failed to prove its insinuations against Lattimore, but he was targeted again in 1952, this time by the Senate Internal Security Subcommittee (SISS). After a gruelling investigation, SISS concluded that Lattimore had been an instrument of Soviet policy in the State Department and indicted him for perjury. The trial collapsed for lack of evidence, but Lattimore never returned to government, teaching first at Johns Hopkins and then moving to the University of Leeds in the United Kingdom, where he remained until his retirement in 1970.

In this way, the collapse of the Open Door in China fed into the Red Scare cresting at home, which in turn pushed containment policy in a more militaristic direction. Policies that Kennan would have seen as prudent now became signs of weakness. South Korea had originally been excluded from Kennan's defensive perimeter in Asia, but the administration now found itself pushed into a military response when North Korea invaded in June 1950. Put in charge of the overall operation, General Douglas MacArthur triumphantly broke the enemy attack through amphibious landings at Inchon, the largest since D-Day, and then led an assault on the North. In November, however, the Chinese army invaded, bringing MacArthur's advance to a halt, and pushing US and South Korean forces back toward Seoul. As the fighting stabilized around the 38th parallel, Truman and his advisors began to consider a negotiated peace. The hero of Inchon demurred, writing a letter to

Representative Joseph W. Martin, Jr. that was subsequently read into the congressional record. MacArthur declared: "if we lose the war to communism in Asia the fall of Europe is inevitable", and concluded, famously, "There is no substitute for victory."<sup>49</sup> Seeing insubordination from his commander in the field, Truman relieved the general, and in so doing brought to an end the pattern of escalation that might otherwise have led to an invasion of China, and perhaps even a third world war.

### ***Building a Global Order***

By the end of Truman's term of office, the politics of containment and the collapse of the Open Door in China had moved the United States far from its traditional diplomacy. Whereas the Open Door stressed great power amity, open markets, and national unity, containment entrenched great power schisms, and led to embargoes, iron curtains, and the splitting of nations. The sundering of Formosa from the Chinese mainland in the wake of Chiang's retreat in 1949 was exactly the kind of semi-colonial operation that the Open Door sought to prevent. But rather than the old European imperialists, the United States was the agent of China's division. The US, not the old empires, was also the last nation to come to terms with the new People's Republic. As the Washington journalist James Reston noted in April 1954, American efforts to isolate Communist China, prop up Formosa, buttress the French in Indochina, support the South Korean regime, and rebuild Japan amounted to a "Closed Door Policy", an attempt "to close the door on Red China before the Communists break out into the whole of Southeast Asia."<sup>50</sup>

Kennan's 1951 lectures and subsequent book *American Diplomacy*, his criticism of the Open Door policy and the dangers of public emotionalism, were set in this context. His complaints were as much about the way that containment policy had drifted from his

original vision as they were any direct account of the Open Door in history. His lectures reveal a deep frustration over the ways a comparatively cautious approach to foreign policy had slipped out of his hands, in no small part due to the influence of Open Door anti-communists who pushed the United States to the brink of war with China.

Kennan was particularly suspicious of the susceptibility of the American people to exploitation. Politicians running for office did not have the luxury of disparaging voters, though. MacArthur returned from Korea a hero to the Right, a martyr to the supposed weak-spiritedness of liberal politicians like Truman. The Democrat nominee for president in 1952, Adlai Stevenson, was roundly defeated by General Dwight D. Eisenhower, a decorated military hero, and his vice-presidential running mate, Richard Nixon, a notorious red-baiter who had come to fame by serving on the House Committee on Un-American Activities. During the election, Eisenhower and Nixon attacked the Truman administration for failing in China, failing in Korea, and failing to uncover supposed communist conspiracies at home. Subsequent Democratic presidents would learn the lesson of this election well. Each subsequent campaign until 1968 was framed by a liberal mainstream seeking to preemptively defend itself against attacks from the Right on foreign affairs and communism. As a result, containment policy became increasingly dogmatic and uncritical.

As containment evolved, direct and indirect military activity augmented economic measures; during the fifties and sixties this became important both in financial terms and in terms of its social and political impact. Overseas military aid was often linked to the purchase of war materiel in the United States, and so undoubtedly offered a commercial upside to American arms manufacturers, but its chief effect was felt in the many countries in Latin America, Africa and Asia whose outsized armed forces – empowered by generous resourcing and close political links to the United States – came to play disproportionate

roles in political affairs, often to the point of launching coups against civilian regimes and seizing power. Indonesia provided one of the starker illustrations of this pattern. The US was in no particular hurry to support decolonization in the Dutch East Indies after the war, but in the face of a series of Dutch colonial atrocities, the United States began supporting independence and threatened to cut off all Marshall aid to the Netherlands unless it negotiated a transition of power.

At first, Indonesian republicans took care to signal their anti-communist commitment, but relations with the United States deteriorated during the 1950s as President Sukarno turned to the Soviet Union for aid, worked with the Communist Party of Indonesia, and, after 1959, sought to impose a system of “guided democracy” that dispensed with the constitution and parliamentary system. The US began covertly supporting dissidents, contributing to a growing atmosphere of crisis, and in the wake of a failed communist uprising in 1965, the commander of the Strategic Reserve, Major General Suharto, mobilized the US-supplied armed forces and launched a vicious campaign of repression that led to the deaths of at least half a million Indonesians. According to historian Robert McMahon, President Johnson, entangled in the morass of Vietnam at the time, viewed Suharto’s slaughter, which brought the influence of communism in Indonesia to an end, as “an unmixed blessing.”<sup>51</sup>

Although it is possible to go too far in blaming the United States for the actions of local agents who undoubtedly bear the major share of responsibility, there is little doubt the United States played a key role as enabler. The link between US military aid and rising political authoritarianism could be seen in many parts of the globe, albeit with distinctive local variations. In Egypt, for instance, the United States used its financial muscle to stymie the British, French and Israelis during the Suez crisis of 1956, fearing that the naked

imperialism shown by America's allies would work to the Soviet's advantage, and then set about underwriting a nationalist military establishment that would dominate Egyptian affairs until the twenty-first century. In Pakistan, the United States also supported the construction of an outsized military apparatus to serve as a block against Soviet expansion in Central Asia, then looked on as the generals took power. Close connections between the American and Brazilian armed forces, including collaborative counter-insurgency training and technical support for low-level warfare, preceded their military coup of 1964, which led to two decades of authoritarian rule, torture of dissidents, and repression of civil liberties.

Since these cases were shaped by a complex set of political and economic relationships between the United States and its regional partners, the role of commercial considerations in the formation of US foreign policy needs to be evaluated. Left-wing claims that the United States continued to pursue an Open Door policy under the guise of containment suggests these calculations were primary. Scholars have struggled for decades to disentangle the various strands of anticommunism and business imperialism in key cases of early Cold War interventionism. In some instances, the fear of Soviet power and the specific needs of US corporations were so closely aligned that it is easy to see why critics believed United States policy was driven by big business. US-sponsored or US-supported coups in Guatemala, Iran and Chile, for instance, meshed seamlessly with the commercial interests of the United Fruit Company, big oil, and big copper.<sup>52</sup> Measures introduced by local regimes that discriminated against American corporations were taken as *prima facie* evidence of communist influence; those same policies were quickly rescinded by reactionary politicians after the coups took place, politicians who understood well how to signal their reliability to Washington. Yet, business pressure was rarely sufficient to make a case for US

covert action, and when business interests conflicted with geopolitical calculations, the United States bought off or side-lined corporations.

More obviously, it was of substantial commercial significance that the US government resisted private pressure to pierce the Iron Curtain. In the cases of Soviet Union, post-revolutionary China, and in Fidel Castro's Cuba, the United States brought longstanding private commercial relationships to an end, imposing restrictions on hundreds of millions of dollars' worth of exports and keeping them in place long after it became clear that embargoes on so-called "strategic goods" failed to weaken enemies.<sup>53</sup> This was in noticeable contrast to the commercial engagement policies with Nazi Germany and fascist Italy in the 1930s. Moreover, if Cold War hostility was driven solely by economic calculations, communist desires for Western products would have been interpreted positively as a sign that the Soviet system was changing and evidence of the potential for constructive engagement. However, anti-communists often treated Soviet commercial overtures with suspicion. Eisenhower's Secretary of State John Foster Dulles went so far as to argue that:

the more the Russians seem to become what we would like them to become, the more dangerous they are ... What I mean is that as the evolution proceeds and the people are given more individual incentives to work and produce, the Soviet Union will become stronger than it would have become under authoritarian rule which stifles all initiative. And the danger of this greater strength will not pass until the evolution has proceeded much further and the Moscow government concentrates on the development of the Soviet Union and gives up the idea of dominating the world.<sup>54</sup>

Stalin's most fevered fantasies had been fuelled by the belief that the closer the bourgeoisie came to absolute destruction, the more violently it would fight for its survival. Dulles' words offered an inverted echo of this same peculiar logic.

As the Cold War became increasingly globalized, the United States also sought to extend the economic diplomacy that had seen such success in post-war Europe, especially through the "Point Four" programme announced by Truman in 1949. During the fifties, the United States committed a hundred million dollars or more annually for technical assistance projects, building roads and bridges, aiding with healthcare and education schemes, and supporting industrialization and agricultural reform efforts.<sup>55</sup> This was never comparable in scale to the Marshall Plan or military aid budgets, and typically focused on the provision of technical assistance and scientific expertise rather than investment capital. Nevertheless, the scheme grew. In an effort to shore up its influence in the Western hemisphere after the Cuban Revolution of 1959, the Kennedy administration launched the Alliance for Progress, which diverted more than \$10 billion to Latin American development projects during the 1960s, albeit with mixed success.<sup>56</sup> These projects were typically sold to Congress as investments, as down-payments on an Open Door future of international trade and prosperity. President Truman claimed that "an improvement of only two per cent in the living standards of Asia and Africa would keep the industrial plants of the United States, Great Britain and France going at full tilt for a century, just to keep up with the increased demand for goods and services."<sup>57</sup> Still, without the underlying fear of communism there was little chance that Congress would have approved these expenses.

While economic and military aid was significant, the United States' own global military presence also had developmental impacts of a sort. Large scale foreign military operations and longstanding overseas postings of soldiers resulted in extensive financial transfers, whether in terms of money going to local businesses to support the US military infrastructure, or through GIs spending on food, entertainment (of both legal and illegal varieties), and accommodation. This money provided a critical boost to the still fragile Japanese economy in the early 1950s and the economic miracles of the Southeast Asian "tiger" economies had roots in the large orders for raw materials generated by the American war machine. South Korea's impressive growth in the Vietnam War years, writes historian Bruce Cumings, was "fertilized by the inconceivable amounts of American cash that flowed into the country, down from the presidential mansion, through the bureaucracies civil and military, coursing through the PXs and onto the black market, into the pockets of a horde of people who serviced the foreign presence: drivers, guards, runners, valets, maids, houseboys, black-market operators, money changers, prostitutes, and beggars."<sup>58</sup> One result of this was that while US policy in Europe was founded on civilian reconstruction aid and a NATO alliance that deliberately emphasized the connection between growth, security and regional integration, America's allies in Latin America, Asia and Africa were typically tied into bilateral military and economic relationships that rarely promoted either democratization or regionalism. "The countries of the East Asian region might as well have been 'hermit kingdoms' vis-à-vis each other," noted Cumings.<sup>59</sup>

US investments in this era did not simply stimulate growth, they distorted the world system. Over the coming decades the effect of the military-industrial complex would also be felt at home as war industries grew in scale and political influence. The massive defence plants and high-technology firms emerging on the West Coast, the huge hydroelectric dams

built to provide the immense power needed to fuel the US nuclear program, and pockmarked surfaces on the Western deserts where Americans conducted nuclear tests all demonstrated this. Although much is made of the contribution of military investment to civilian industry, such spending diverted scientists and technicians from civilian research.<sup>60</sup> This slowed the growth of civilian products and strengthened America's dependency on weaponry and space exploration. Indeed, many Cold War economists recognized that US military spending functioned as a Keynesian mechanism for maintaining high rates of employment and growth. NSC-68, perhaps the most famous strategy document of the early Cold War years that universalized containment and emphasized military resistance, also pointed out that an all-out effort to defeat communism "might not result in a real decrease in the standard of living, for the economic effects of the program might be to increase the gross national product by more than the amount being absorbed for additional military and foreign assistance purposes."<sup>61</sup> Rather than acting as a blunt tool for opening overseas markets as they had at the beginning of the century, the United States' armed forces now became an economic end in themselves, employing tens, if not hundreds, of thousands of people directly and in linked industries, and increasingly contributing to the economic health of the nation.

Since waging the Cold War actively contributed to domestic growth, many Cold Warriors felt there should be no immediate financial constraint on US ambitions. Cold War imperatives encouraged Truman to lose sight of his early economic caution. Even the more fiscally conservative Eisenhower administration found itself caught within the ruthless economic logic of the national security state. Ike and Dulles restrained government spending and looked to economize by shifting the distribution of military power away from large conventional forces toward comparatively cheaper nuclear weaponry and covert

interventions. However, the Eisenhower administration found that cutting back on military spending slowed the domestic economy and thereby strengthened support for the Democrats. Famously, the president warned upon exiting office in January 1961 of the dangers of a permanent military-industrial complex, but under Kennedy and Johnson the spending faucet opened yet further.

Having witnessed Stevenson's defeat in 1952, and hypersensitive to the danger of appearing soft on communism, Kennedy attacked the Eisenhower administration in the 1960 election for losing its focus on the Cold War, and failing to challenge Castro's Cuba. This hard-line stance contributed to his subsequent victory, but also pushed him into supporting the disastrous Bay of Pigs invasion in 1961. This in turn led to the Missile Crisis of October 1962, as Khrushchev attempted to supply nuclear weapons to guarantee Castro's security from future US attacks.

Containment policy hence continued to move in an escalatory direction. Policymaking became less and less focused on Kennan's original idea of identifying strategically-significant commercial and economic centres (including Japan and Western Europe), and increasingly turned toward efforts to defend national credibility in a global battle of prestige. US policymakers feared that failing to stand up to Soviet expansion in one part of the world, however strategically unimportant, might weaken allies' faith in the United States elsewhere, and thereby weaken the anti-communist alliance altogether. This presumed need to stand tough, though, was arguably more important in terms of domestic politics than international relations. Certainly, the concern with national credibility quickly became bound up with questions of personal and presidential credibility. Lyndon Baines Johnson would be even more belligerent than Kennedy, enlarging the US commitment to South Vietnam even when polling suggested the public had little interest in the issue, in part

because of the fear that appearing “weak” on international affairs would leave him open to attack from the Right that could undermine his domestic plans for a war on poverty.<sup>62</sup>

### **Conclusion**

While the Open Door, as originally formulated, sought to open foreign markets in order to avoid social conflicts at home, the global military apparatus created by the middle years of the Cold War was deployed overseas to create political space for redistributive domestic policies. Rather than neutering geopolitical tensions, these commitments ended up fuelling conflict and American intervention. Johnson’s tendency to see foreign policy challenges as tests of character made them into exactly that, and the president’s disastrous policies in Vietnam contributed directly to his decision not to seek re-election in 1968. The desire to show resolve in the face of political attacks led the nation down a rabbit hole of increasingly directionless and self-destructive conflicts against a vaguely-defined “international communist conspiracy,” however and wherever it might be spotted.

The containment policy, originally framed by Kennan to allow more careful calibration of America’s strategic interests, transformed into a commitment that was broader and more ambitious than the Open Door had ever been. The cumulative impact of US foreign policy in the containment era, for the world economy and the American balance sheet alike, was arresting. Global trade grew substantially in this period, as Europe and Japan recovered from the destruction of their manufacturing bases and other parts of the world increased their agricultural and industrial output. 1945 to 1975 was the time of the *trentes glorieuses* (glorious 30 years of French growth), the *Wirtschaftswunder* (German economic miracle), the Japanese post-war boom, the construction of the British welfare state: each based on reformed models of capitalism that prioritized rational economic

planning and mixed economics rather than unfettered competition. Each was tolerated, even underwritten, by the United States. The total volume of global trade grew substantially, but, importantly, this growth remained largely proportionate to the enlargement of individual national economies. That is, the share of international trade typically did not climb significantly for most major nations between 1950 and 1970, even though the absolute volume of trade did. In this sense, nations in the early Cold War period typically did not become more “globalized.” Unlike the very beginning of the century and at its end, the early Cold War years were a period of controlled economic growth and half-closed doors around the world.

By contrast, the gradual change in relative tariff burdens between the United States and its partners meant imports to the United States grew faster than exports. By the later 1960s, the United States had begun to post net trade deficits, which stubbornly persisted in future decades.<sup>63</sup> Meanwhile, the cost of waging the Cold War remained immense. Although less burdensome on an annual basis than the Second World War, it was cumulatively far more expensive.<sup>64</sup> While the United States ran a net surplus in four out of five years between 1947 and 1951, it was in deficit in all but four of the next twenty. As with the balance of trade, these budget deficits would pale in comparison to those generated in the 1970s, 1980s, and beyond, but already they were thinning out US gold reserves and had begun to generate inflationary pressures.

The policy of containment that dominated American foreign policy between the Korean and Vietnam wars represented a substantial and significant shift away from the Open Door, moving from an immediate, short-range goal of gaining access to markets and raw materials, to a more long-range effort to build an American world order. In the process, containment shifted the US focus toward the deployment of state power, economic muscle,

and military alliances to promote its geopolitical agenda, rather than relying on private enterprise alone. The United States was remarkably successful in realizing these goals, and it was a testament to the historically unprecedented resources at its disposal in mid-century that it took two decades for its free-spending approach to come unstuck.

Nevertheless, complaints that the United States was bearing a disproportionate share of the Cold War burden grew louder in the 1960s. Ultimately, the Vietnam War would require a commitment of such cost and such duration that it fractured the political consensus, and brought the era of containment to an end. President Nixon would be forced to abandon the Bretton Woods system of fixed gold-exchange for currency and devalue the dollar, bringing to an end the post-war system of managed capitalism that the United States constructed over the previous quarter-century. The end of Bretton Woods was linked to a broader policy of détente designed to replace containment, open doors to the communist world, and shift the burden of the anti-Soviet alliance more heavily onto America's allies. From the 1970s onwards, then, the United States would find itself once more questioning the foundations of its foreign policy and searching for new ways of realizing its aims to revolutionize the world.

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<sup>1</sup> Gary Gerstle, *American Crucible: Race and Nation in the Twentieth Century* (Princeton: Princeton University Press, 2001), 189.

<sup>2</sup> John Ruggie, 'International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order', *International Organization* 36, no. 2 (1982): 379-415.

<sup>3</sup> Cited in Charles E. Bohlen, *The Transformation of American Foreign Policy* (London: Macdonald, 1970), 49-50.

<sup>4</sup> Wendell L. Willkie, *One World* (London: Cassell, 1945), 26, 84.

<sup>5</sup> *Ibid.*, 167.

<sup>6</sup> Sumner Welles, 'A Great Opportunity', *Washington Post* 29 August 1945.

<sup>7</sup> Charles E. Bohlen, *Witness to History, 1929-1969* (New York: Norton, 1973), 176.

<sup>8</sup> Harry S. Truman. *The Memoirs of Harry S. Truman*, Vol. 1: Year of Decisions, 1945 (Suffolk: Hodder and Stoughton, 1955), 73, 342.

<sup>9</sup> *Ibid.*, 74.

<sup>10</sup> *Ibid.*, 154.

<sup>11</sup> Averell Harriman, to President Truman, 27 August 1945, and Memorandum of Conversation by Mr. Charles E. Bohlen, 28 May 1945, *Foreign Relations of the United States: Diplomatic Papers, 1945. The British*

*Commonwealth, The Far East* (Washington, D.C.: Government Printing Office, 1969), 695-6. Lacking the power to resist the Red Army, Chiang Kai-shek and the Kuomintang leadership were also resigned to some form of preponderant Soviet influence in the north, and focused instead on securing guarantees that Stalin would not directly aid Mao in the rest of the country.

<sup>12</sup> George C. Herring, Jr., 'Lend-Lease to Russia and the Origins of the Cold War, 1944-1945', *Journal of American History* 56, no. 1 (1969): 93-114.

<sup>13</sup> 'U.S. Protests to Russia on Moves in Iran and Manchuria', *Chicago Tribune*, 6 March 1946; Bertram D. Hulen, 'Byrnes Aids China', *New York Times*, 6 March 1946; 'U.S. Accuses Soviet of Violating Word by Staying in Iran', *New York Times*, 8 March 1946; 'Our Protest to Russia', *New York Times*, 8 March 1946; 'Move to Free Danube Navigation Eases Big Four Tension on Pacts', *Christian Science Monitor*, 25 June 1946; 'Danubian Treaties Stress Big 4 Rifts', *New York Times*, 31 July 1946; "Western Allies Fight Soviet On Danube Trade Control", *New York Times*, 16 August 1946; 'Paris Parley Hope Lowered By Soviet Action on Greece', *New York Times*, 26 August 1946.

<sup>14</sup> 'Russian Situation Moves Toward Showdown', *New York Times*, 10 March 1946.

<sup>15</sup> Harry S. Truman, Address on Foreign Economic Policy, Delivered at Baylor University, 6 March 1947 (<http://www.presidency.ucsb.edu>).

<sup>16</sup> George F. Kennan, *American Diplomacy: Sixtieth Anniversary Expanded Edition* (Chicago: Chicago University Press, 2012), 35.

<sup>17</sup> *Ibid.*, 42.

<sup>18</sup> Kennan, *American Diplomacy*, 51.

<sup>19</sup> George F. Kennan, 'The Sources of Soviet Conduct', *Foreign Affairs* 25, no. 4 (July 1947): 566-82; Charge in the Soviet Union (George F. Kennan) to the Secretary of State, '(The Long) Telegram', 22 February 1946 ([https://www.trumanlibrary.org/whistlestop/study\\_collections/coldwar/documents/pdf/6-6.pdf](https://www.trumanlibrary.org/whistlestop/study_collections/coldwar/documents/pdf/6-6.pdf)).

<sup>20</sup> Harry S Truman. *The Memoirs of Harry S Truman*, Vol. 2. Years of Trial and Hope: 1946-1953 (Suffolk: Hodder and Stoughton, 1956), 111.

<sup>21</sup> Alfred E. Eckes, Jr., *Opening America's Market: U.S. Foreign Trade Policy since 1776* (Chapel Hill: University of North Carolina Press, 1995), 157.

<sup>22</sup> Fred L. Block, *The Origins of International Economic Disorder: A Study of United States International Monetary Policy from World War II to the Present* (Berkeley: University of California Press, 1977), 41.

<sup>23</sup> Harry S. Truman, *Memoirs of Harry S. Truman, Vol. 1: Year of Decisions, 1945* (Suffolk: Hodder and Stoughton, 1955), 142.

<sup>24</sup> Harry S. Truman, Address Before a Joint Session of Congress, 12 March 1947.

<sup>25</sup> Perry Anderson, 'Imperium', *New Left Review* 83 (Sep-Oct 2013), 43.

<sup>26</sup> Charles S. Maier, 'The Politics of Productivity: Foundations of American International Economic Policy after World War II', *International Organization* 31, no. 4 (1977), 620.

<sup>27</sup> Thomas W. Zeiler, 'Managing Protectionism: American Trade Policy in the Early Cold War', *Diplomatic History* 22, no. 3 (1998), 339.

<sup>28</sup> *Ibid.*, 342.

<sup>29</sup> Mats Ingulstad, 'The Interdependent Hegemon: The United States and the Quest for Strategic Raw Materials During the Early Cold War', *International History Review* 37, no. 1 (2015), 62-3.

<sup>30</sup> Alfred E. Eckes, Jr., *Opening America's Market: U.S. Foreign Trade Policy since 1776* (Chapel Hill: University of North Carolina Press, 1995), 140.

<sup>31</sup> Aaron Forsberg. *America and the Japanese Miracle: The Cold War Context of Japan's Postwar Economic Revival, 1950-1960* (Chapel Hill: University of North Carolina Press, 2000), 5-6.

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<sup>33</sup> John Lewis Gaddis, *Strategies of Containment* (New York: Oxford University Press, 1982), 61.

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<sup>35</sup> 'Wallace Storm Over Foreign Policy', *New York Times*, 15 September 1946; 'Truman to Clear Air Today', *Boston Globe*, 20 September 1946; James Reston, 'Our Foreign Policy: The Main Issues Between Wallace and Byrnes', *New York Times*, 22 September 1946.

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<sup>40</sup> "U.S. Policy in China is Attacked in 'Manifesto' by 62 Americans", *New York Times*, 15 May 1946.

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<sup>43</sup> Arthur M. Schlesinger, Jr., 'Was the Cold War Really Necessary?' *Wall Street Journal*, 30 November 1972.

<sup>44</sup> Dorothy Thompson, 'The Churchill Speech', *Boston Globe*, 8 March 1946.

<sup>45</sup> 'U.S. Is Losing the Pacific War, Chennault Warns', *Boston Globe*, 30 January 1949.

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<sup>47</sup> David K. Johnson, *The Lavender Scare: The Cold War Persecution of Gays and Lesbians in the Federal Government* (Chicago: University of Chicago Press, 2004), 7.

<sup>48</sup> Arthur Herman notes that "Kohlberg and his congressional allies had been circulating the notion that America's interests in Asia had been betrayed from within for more than a year before McCarthy fastened onto it." *Joseph McCarthy: Reexamining the Life of America's Most Hated Senator* (New York: Free Press, 2000), 169-70.

<sup>49</sup> Douglas MacArthur to Joseph W. Martin, 20 March 1951, *Foreign Relations of the United States, 1951: Korea and China* (Washington, D.C.: Government Printing Office, 1951), 299.

<sup>50</sup> James Reston, 'Dulles: A Closed Door Policy For Communists in Asia', *New York Times*, 4 April 1954.

<sup>51</sup> Robert J. MacMahon, *Colonialism and the Cold War: The United States and the Struggle for Indonesian Independence, 1949-1945* (Ithaca: Cornell University Press, 1981), 328.

<sup>52</sup> Richard H. Immerman, *The CIA In Guatemala: The Foreign Policy of Intervention* (Austin: University of Texas Press, 1982); Mark J. Gasiorowski and Malcolm Byrne, eds. *Mohammad Mossadeq and the 1953 Coup in Iran* (Syracuse: Syracuse University Press, 1987); Piero Gleijeses, *Shattered Hope: The Guatemalan Revolution and the United States, 1944-1954* (Princeton: Princeton University Press, 1991); Jonathan Haslam, *The Nixon Administration and the Death of Allende's Chile: A Case of Assisted Suicide* (London: Verso, 2005); Tanya Harmer, *Allende's Chile and the Inter-American Cold War* (Chapel Hill: University of North Carolina Press, 2011).

<sup>53</sup> Alan P. Dobson, 'From Instrumental to Expressive: The Changing Goals of the U.S. Cold War Strategic Embargo', *Journal of Cold War Studies* 12, no. 1 (2010), 98-119.

<sup>54</sup> Andrew H. Berding, *Dulles on Diplomacy* (Princeton: D. Van Nostrand, 1965), 33-4.

<sup>55</sup> Stephen Macekura, 'The Point Four Program and U.S. International Development Policy', *Political Science Quarterly* 128, no. 1 (2013), 138, 157.

<sup>56</sup> Stephen G. Rabe, *The Most Dangerous Area in the World: John F. Kennedy Confronts Communist Revolution in Latin America* (Chapel Hill: University of North Carolina Press, 1999), 152.

<sup>57</sup> Truman, *The Memoirs of Harry S. Truman* Vol. 2, 252.

<sup>58</sup> Bruce Cumings, *Korea's Place in the Sun: A Modern History* (New York: Norton, 1997), 302.

<sup>59</sup> Bruce Cumings, *Dominion from Sea to Sea: Pacific Ascendancy and American Power* (New Haven: Yale University Press, 2009), 400.

<sup>60</sup> Fred L. Block, *The Origins of International Economic Disorder: A Study of United States International Monetary Policy from World War II to the Present* (Berkeley: University of California Press, 1977), 147.

<sup>61</sup> A Report to the National Security Council – NSC 68, 12 April 1950, President's Secretary's File, Truman Papers, 58.

<sup>62</sup> Francis B. Bator, 'No Good Choices: LBJ and the Vietnam/Great Society Connection'. *Diplomatic History* 32, no. 3 (2008): 309-340, and responses.

<sup>63</sup> Eckes, *Opening America's Market*, 202-3.

<sup>64</sup> Hugh Rockoff, *America's Economic Way of War: War and the US Economy from the Spanish-American War to the Persian Gulf War* (Cambridge: Cambridge University Press, 2012), 265.

## VI

**The Open Door Triumphant, 1968-1991**

US foreign policy in the first decades of the Cold War was dominated by an assertive brand of liberal internationalism, a muscular foreign policy justified through vague but powerful historical comparisons between the “totalitarian” threat posed by the Soviet Union and the memory of Nazi Germany. While the Open Door idea continued to hold rhetorical force, most politicians had come to accept that a stable international order required a larger degree of national and international control over economic policy. Instead of opening markets and maintaining trade surpluses, US economic and military power was used to build new markets, to support America’s allies, and to isolate its rivals and critics, as part of a worldwide effort to “contain” communism and make the world safe for capitalism.

This approach was never a matter of absolute consensus, of course, and figures across the political spectrum contested US foreign policy. Nevertheless, the core elements of containment remained dominant for two decades, under Democratic and Republican administrations alike. The confrontations and fears of the McCarthy era muffled critical voices on the Left, while also side-lining more moderate policy makers like George Kennan who called for a more restrained set of foreign policy commitments. Even the conservative Right was divided, struggling with the troubled legacy of interwar anti-interventionism, and trying to make sense of US global power in an age of multilateralism.

From the 1960s onwards, however, the containment model began to lose coherence. Voices of criticism grew louder as the Vietnam War exposed deep divisions in American society. At first, the loudest were on the Left, as reformers who had been silenced in the early Cold War years returned to the fray. While Kennan had initially presented

containment policy as a pragmatic alternative to Open Door idealism, left-wing critics depicted the Open Door and containment as essentially similar policies, seeing little distinction between the naked expansionism of “dollar diplomacy” and efforts to build a system of managed capitalism in the containment era. Studying the history of the Open Door, they argued, did not reveal America’s benevolent paternalism toward less developed nations, but its commitment to promoting a ruthless, often racist, form of crusading capitalism. This argument was important in changing the way that Americans thought about the Open Door in history, but perhaps more significantly, left-wing critiques at home were matched by an effort overseas to push for greater equality within the US-dominated international order. This challenge, from what would later come to be known as the “global South” (the nations of the southern hemisphere that tend to be less developed than northern hemisphere counterparts), contributed to a powerful sense of decline for many Americans.

In the longer term, especially from the 1970s onwards, however, the primary beneficiaries of the splintering mainstream were on the Right of the political spectrum, and turned out to be well positioned to take advantage of disillusionment with liberal internationalism. As a result, the geopolitical approach of the United States in the later Cold War years turned out to be more uncompromisingly concerned with Open Door principles than ever before. The outcome was an age of globalization under capitalist auspices; large parts of the developing world were integrated into the global marketplace and, ultimately, the United States’ anti-capitalist rivals collapsed. In the last quarter of the twentieth century, therefore, Open Door policies became more entrenched, not undermined as left-wing critics hoped. Left-wing condemnation ensured that the metaphor of the Open Door lost its earlier positive connotations and fell out of favour, just as the language of the

Monroe Doctrine did around the same time.<sup>1</sup> However, no equivalent challenge emerged to the substance of the Open Door policy. Even progressive movements – such as the transnational human rights network, which sought to hold both the United States and its rivals to account – were deftly repurposed in the Reagan era to promote Open Door aims. The language of the Open Door disappeared from political debate, a casualty of history, yet many of its basic features remained powerful: a ghostly presence haunting the US-dominated world order.

### ***From Open Door to “Opening Doors”***

Between the end of the Korean War and the mid-1960s, the language of containment dominated foreign policy debates, and talk of the Open Door retreated from the diplomatic lexicon. Right-wing critics of the Eisenhower, Kennedy, and Johnson administrations occasionally, but with diminishing effect, referred to the Open Door to evoke images of supposedly happier times in US foreign policy, when the country was less encumbered by multilateral institutions and anti-capitalist rivals, and directly involved in China's commercial development. Reformists who sought to defrost Sino-American relations both inside and outside government also occasionally referenced the Open Door. Journalists reminded readers that the United States had become “the chief advocate of a boycott on the trade for which it once competed” and called for a new Open Door policy to stimulate exchange with the East.<sup>2</sup> Subtly repurposing the original Open Door idea to use it as a tool of diplomacy rather than commercial exploitation, reformers suggested that the “door” should be “opened” to negotiations and normalization of relations with Communist China.

A concept like the Open Door, associated with a period of Chinese history characterized by neo-colonial subordination, warlordism, and civil war might have had a

corrosive effect on Sino-American relations. Just after the founding of the People's Republic, the pro-Communist *Kwangming Daily* denounced the Open Door policy as an extension "of the spheres of influence of the imperialist powers in China."<sup>3</sup> Yet, Chinese leaders occasionally used Open Door language for their own ends, not least since it appealed to the United States' favourable historical perception of its role in Asia. In late 1956, for instance, Zhou Enlai called for greater contact between China and the rest of the world, telling James Bertram, a reporter and lecturer who accompanied a commercial delegation from New Zealand, "To close your door is to block progress. Today it is America that seems to want to close doors."<sup>4</sup> The barb was intended to keep a sceptical Mao happy; still, observers spotted that Zhou's suggestion that "China's doors were open for the world to enter" marked "a major change in that country's international policy."<sup>5</sup> Fearing that the United States might be shut out of a growing Asia market, Eisenhower's Secretary of State John Foster Dulles permitted US reporters to apply to visit China, and announced that he had adopted an "open mind policy" toward Chinese overtures.<sup>6</sup> The *Christian Science Monitor* concluded that Dulles "has begun fingering the knob of an open-door policy for Chinese trade."<sup>7</sup>

What possibilities this might have offered remained unclear. The Great Leap Forward, Mao's attempt to rapidly reform China's agrarian economy, brought diplomatic progress to a halt in the last years of the 1950s. Nevertheless, renewed efforts at reconciliation in the 1960s also made use of the repurposed Open Door metaphor. The most extensive push for normalization began quietly under John F. Kennedy and gained public attention early in the Johnson administration, following a speech by Assistant Secretary of State for Far Eastern Affairs Roger Hilsman in December 1963, in which he declared that the United States was "determined to keep the door open to the possibility of change and not to slam it shut against developments which might advance our national good, serve the

free world, and benefit the people of China.”<sup>8</sup> As the historian James C. Thomson notes, Hilsman was a “a bright, brash, and abrasive West Pointer, a Second World War guerrilla leader in Burma who had thrown over a military career to become a professional political scientist.”<sup>9</sup> He was determined to break the stultifying influence of the conservative, pro-Chiang “China lobby” on the State Department. Since the lobby used the Open Door idea as a stick with which to beat Truman in the 1940s, co-opting the concept to support the reform agenda was a clever strategy. However, US diplomats offered no material concessions to China on key issues, such as the status of Taiwan, or the Chinese seat at the United Nations. Critics wryly noted that the short linguistic hop from Dulles’s “open mind” to Hilsman’s “open door” indicated how little distance the US actually travelled in half a decade.<sup>10</sup> “After six years,” asked the *Washington Post*, “has the United States nothing more to say than that if China changes, the situation might improve?”<sup>11</sup>

Hilsman implied that the door to progress was barred by Chinese hatred, not American embargoes. In response, Chinese newspapers said that their country was being asked to “open the door to welcome the thief.”<sup>12</sup> The effort at rapprochement fizzled out, and by early 1964 Johnson’s Secretary of State Dean Rusk was reasserting the commitment to Taiwan and the vital importance of the embargo.<sup>13</sup> Concerned with re-election and the war in Vietnam, Johnson returned to a tough line on China and Hilsman’s successor, William P. Bundy, reaffirming the stance that had been in place since the early 1950s. Rather than opening to the West, Bundy argued, the communists in Peking had hardened their position.<sup>14</sup> Conservatives, unsurprisingly, agreed. The *Chicago Tribune* suggested that an overture to China was about “as sensible as contending that Al Capone could have been reformed by inviting him to become a member of the Police Benevolent league [sic].”<sup>15</sup>

Despite the tough stance, calls continued for a new Open Door with China. The decision in 1963 to permit wheat sales to the Soviet Union had revived dormant hopes of commerce with the mythical China market, especially among Pacific coast exporters and their allies. Consumer advocate Ralph Nader reported in 1964 that food and lumber producers were “eager to get part of the China trade that is now mushrooming owing to China’s food needs and its rift with the Soviet Union.”<sup>16</sup> Speaking at Georgetown University, California’s Governor Edmund G. Brown called for a “no-holds-barred” exchange of goods and ideas with China.<sup>17</sup> In March 1966, Senator William Fulbright held congressional hearings into Sino-American relations and pushed for change.<sup>18</sup> Both old China hands like Owen Lattimore and new reformers like Roger Hilsman testified. Reformers gave public lectures and wrote articles in the press, arguing that learning to live with Red China was the “only hope” for avoiding all-out war.<sup>19</sup> Secretary Rusk and Vice President Hubert Humphrey added their voices to those calling for a thaw in relations.<sup>20</sup> In a speech delivered at Westminster College (a location designed to echo Churchill’s “Iron Curtain” speech, given 21 years earlier at the same institution), Humphrey called for a phased expansion of contacts with the communist world. He suggested that “if we do not lose our wits, or our nerve, or our patience, [we] can see the replacement of the iron curtain by the open door.”<sup>21</sup> When the response to these trial balloons seemed positive, President Johnson also gave a major speech on China, in which he spoke of the need for conciliation and international cooperation in Asia.<sup>22</sup>

Despite these developments, the conciliatory approach from the White House was partly fuelled by anticipation of defeat in the United Nations over the allocation of China’s seat on the Security Council. When the Johnson administration managed to maintain the exclusion of the People’s Republic, the administration once again hardened its line, to great

disappointment among reformers. “Perhaps the Administration had good reasons – beyond the vote count – both to open the door so far and then to slam it so hard,” wrote Tom Wicker in the *New York Times*. But the oscillation led to a loss of credibility. The United States, Wicker wrote, had ended up with a “swinging door” policy.<sup>23</sup>

Attempts to use the language of “opening doors” to improve relations with China occurred sporadically and, due to a combination of resistance at home and unstable political conditions overseas (including the Great Leap Forward, the First and Second Taiwan Straits Crises, the Vietnam War, and the Cultural Revolution), had little effect. The *New York Times* concluded, “Revision of a policy as long and firmly defended as Washington’s toward Communist China is almost as difficult as revision of the Scriptures.”<sup>24</sup> Nevertheless, these overtures began to move the public and official attitude away from the containment orthodoxy. The rhetorical shift from demanding economic access to a new emphasis on diplomatic and cultural interaction changed the terms of the negotiation between the United States and China and reflected a growing willingness to accept the existence of the People’s Republic. This by no means represented a complete acceptance of Chinese communism. The presumption remained that a patient and pragmatic United States was calmly knocking on the door while a paranoid and aggressive China was holding it shut. Nevertheless, the language was less exploitative and less commercial in tone. Commentators and politicians expected that improved relations would naturally benefit American economic interests, of course, but the thrust of reformist speech turned on the need for global order and mutual communication.

### ***The Open Door as Myth and History***

The changing use of Open Door terminology among officials points to a larger shift in foreign policy debate taking place in the 1960s. This was particularly visible in histories of US foreign policy written at the time. In some ways, 1960s historical revisionism echoed the cynical interpretation of the Open Door offered by George Kennan a decade earlier. Kennan had described the Open Door as an empty promise and a sign of intellectual incoherence in American policymaking. However, scholarly insurgents in the 1960s went much further, depicting the Open Door as a coherent but malevolent force. Under the most radical interpretation, the United States had become an empire in all but name, controlled by isolated and technocratic foreign policy elites to serve the interests of commercial expansion rather than those of the people. Needless to say, this view clashed with the positive conception of the Open Door tradition that had, until then, been dominant.

By inspiring students, activists, journalists, and occasionally even politicians and policymakers, historical revisionists accelerated the political changes of the 1960s. However, it would be wrong to suggest that revisionism, despite its name, offered a fundamentally new vision of US foreign relations. It is better understood as a renovation of the older tradition associated with Charles Beard and his call for an “Open Door at Home” and with anti-imperialist critics of dollar diplomacy in the first decades of the century. Although discredited after Pearl Harbor, and more or less silenced during the Truman and Eisenhower years, Beard’s warnings about the dangers of market-driven expansion never entirely abated. A small group of historians influenced by Beard’s economic interpretation of American history had kept the flame alive in the comparative security and isolation of the University of Wisconsin-Madison, where they avoided the worst attacks of the McCarthy era and taught a new generation of scholars. A key figure in the new generation was William Appleman Williams, who embarked on a history doctorate after being discharged from the

navy in 1946. Williams, an aviator during the war, had been forced to retire due to a back injury. After completing his academic training, he returned to Wisconsin in 1957 to teach, and two years later published *The Tragedy of American Diplomacy*, the book that more than any other sounded the starter-pistol for the foreign policy revisionism of the coming decade. To this day, more readers learn about the Open Door concept through Williams's work than in any other way. In this way, a direct line runs between critiques of the Open Door written earlier in the century and the revisionist interpretations of the 1960s.

More established figures in the historical profession were often less than polite about Williams and his fellow revisionists. The Harvard historian of immigration Oscar Handlin famously said Williams's 1961 book *The Contours of American History* was so bad, so akin to the "literary striving of unskilled freshmen" that "one cannot exclude the possibility that it was intended as an elaborate hoax."<sup>25</sup> The small number of reviews of *Tragedy* in the mainstream press at the time of its release were polite and respectful, but typically accused the work of expressing an outmoded economic determinism.<sup>26</sup>

Compared to Beard's assaults on the Open Door in the 1930s, Williams's interpretation was actually far from economically deterministic. *Tragedy* presented the Open Door as an enduring cultural artefact as well as a reflection of corporate interest, and noted the connections and contradictions between US commercial expansionism and the nation's ideological commitment to self-determination. This, to Williams, was the source of the tragedy referred to in the book's title, as the United States forsook the ideal of self-determination for commercial exploitation. Indeed, Williams influenced many later scholars of the 1980s and 1990s who were interested in developing a cultural explanation of American foreign policy.

The purpose of Williams's book was not to assert a simplistic economic interpretation of US foreign policy, but to argue that Cold War foreign policy occupied a place within a longer trajectory of US capitalist expansionism. This was a bold claim at a time when many acted as if the United States had hardly been involved in the world before the Second World War. For Williams, John Hay's Open Door Notes were a perfect symbol of a deep consistency in American foreign relations since the Civil War, a continuity driven by the desire to look outwards in the hope of resolving social problems within American society. Williams's emphasis on continuity arguably downplayed the degree to which the Open Door was challenged and reformulated in the decades since its inception, and was changing even in the years his book was being conceived. Nevertheless, his interest in drawing connections across the arc of US foreign policy served an important function at a time when a deep split often separated accounts of post-war and pre-war US foreign affairs.

If *Tragedy* appeared peremptory at first, it soon became prophetic. A host of scholars followed in Williams's wake, challenging the largely positive terms of debate that had dominated accounts of US foreign relations in the early Cold War.<sup>27</sup> Collectively, radical and liberal scholars sought to dismantle the orthodox "creation myth", which explained US global power in terms of its response to Nazi, Japanese, and then Soviet aggression, rather than exploring internal impulses for expansion. Several of these scholars also studied at Wisconsin and were directly indebted to Williams for their training; virtually all the revisionists paid tribute to his influence. Although it took time to overcome entrenched scholarly resistance, over the next decade this cohort decisively shifted historical understanding of the Open Door and of US foreign policy more generally. As larger, non-academic presses began to publish revisionist works from the mid-sixties, less radical scholars of the Cold War were forced to adjust their accounts, to the point that they found

themselves arguing whether the Cold War had been necessary at all. “At times, the revisionist attack upon Truman’s foreign policy seems to boil down to the assertion that the cold war could have been avoided by settling every dispute on Russian terms,” the historian Alonzo Hamby complained.<sup>28</sup>

The first wave of revisionism focused particularly on the debate over the origins of the Cold War in Europe. The late 1960s and early 1970s saw a second wave that focused on the roots of the Open Door policy in Asia, often with an eye to explaining how the US had ended up in the quagmire of Vietnam.<sup>29</sup> Compared to more orthodox writers and historians, these works tended to see the Open Door as a mythology that served to promote US commercial interests, rather than an altruistic or benevolent policy aimed at the benefit of the Chinese. Revisionists also highlighted the uncomfortable connections between US policy in Asia, and racist and restrictive policies adopted toward Asians in the United States. Even the Manchurian crisis was placed in a longer and less elevated history of great power rivalries in Asia, rather than appearing as a sign of naked Japanese aggression. Paul A. Varg argued, for instance, that the historic connection with China was built from a foundation of “paternalism and a benign sentimentality”, and as a result, “except at times of crisis,” most Americans were “indifferent and uninformed” about China.<sup>30</sup> Open Door rhetoric, he said, “conveyed to the uninitiated in the language of diplomacy that the United States had accepted China as a ward to be protected from the evils of European and Japanese imperialism.” In truth, though, there was no deep commitment to China and no challenge to European spheres of influence. The Open Door was simply an expression of the “public myth that the United States stood for a strong policy in China”.<sup>31</sup> To the historian Ronald Steel, “Time and distance have embellished the Open Door policy with a mantle of disinterested generosity,” but for “all the air of sanctimony that surrounded them, the Open Door notes

of 1899 and 1900 represented another episode in the long pillage of China at the hands of the Western powers – a pillage whose fruits we enjoyed, but responsibility for which we sought to avoid.”<sup>32</sup>

One widely-read book of the early 1970s was Barbara W. Tuchman’s biography of General Joseph “Vinegar Joe” Stilwell, which used Stilwell’s lifelong connection with China as a cipher for the broader frustrations of the US relationship with China, and especially the Chiang regime.<sup>33</sup> In highlighting the corruption and weakness of the Nationalist state, the book made use of many of the arguments articulated by old China Hands in the 1940s and 1950s. These fed into contemporary frustrations with Taiwan, where Chiang continued to rule until his death in 1975. Stilwell had once told Henry Stimson that “Nothing can be done until we get rid of Chiang Kai-shek.” One reviewer of Tuchman’s book commented in 1971, “That was in 1945 and probably Vinegar Joe would have been the first to say it still has force today.”<sup>34</sup>

A rich vein of new Asian studies scholarship matched the revisionism of historians of US foreign affairs. A particularly important figure here was John King Fairbank, a China specialist who had built a tremendous public profile in the late 1940s and had been critical of both the Chiang regime and the Chinese Communist Party. Fairbank was an establishment intellectual and largely tacked to the political mainstream in the Roosevelt and Truman years. Like many other China specialists, Fairbank predicted the collapse of the Nationalist regime and criticized its corruption and a result he stood accused of espionage and disloyalty during the McCarthy years. The notoriously pro-Chiang *Time* magazine described him as “a long-time apologist for Communist China.”<sup>35</sup>

Excluded from the highest circle of foreign policy elites, Fairbank spent the 1950s and 1960s working with major private foundations to build academic expertise on Asia.

More than \$70 million was ploughed into Chinese Studies between 1958 and 1970, including \$6 million given to Fairbank and his colleagues at Harvard.<sup>36</sup> Through this infusion of capital, China specialists were able to compensate for the losses that resulted from the McCarthy purges. This created a firm foundation for improved interstate relations over the next generation, as well as a basis from which simplistic and condescending narratives of Chinese history could be challenged. As the 1960s progressed, Asia specialists returned to public debate, making the case for normalization through organizations such as Americans for Reappraisal of American Far Eastern Policy and the more radical Committee of Concerned Asian Scholars (CCAS).

Collectively, this infusion of money and expertise produced a level of scholarly engagement with the Open Door tradition, with US foreign policy, and with US-Asian relations that dwarfed anything produced in prior decades. New ideas filtered gradually through to the public, and by the time Nixon took office in 1968 perceptions of US-China relations had already shifted. As the United States looked to disengage from Vietnam, as the Cultural Revolution lost its destructive force, and as skirmishes broke out on the Sino-Soviet border, a desire for reconciliation aligned on both sides of the “bamboo curtain.” Secretary of State William P. Rogers began to ease restrictions on the movement of US citizens in 1969.<sup>37</sup> Zhou Enlai, still the most important voice for moderation in the PRC, invited the veteran reporter Edgar Snow to Beijing in 1971 and told him that China was determined to expand its connections with foreign states. Regarding the United States, Zhou echoed his comments given more than a decade earlier, that, “The door is open but it depends on whether the United States is serious in dealing with the Taiwan question.”<sup>38</sup>

The rapid improvement in relations that culminated with President Nixon’s historic visit to Beijing in 1972 was therefore met with widespread support in the United States. In

an ironic echo of Mao's tendency to send those whose views did not fit his needs into internal exile, then bring them back when they once again were useful, older American scholars and officials found themselves rehabilitated as their arguments came again to match the needs of the government. After being *persona non grata* for years, Fairbank was deeply gratified to find out that his classic text, *The United States and China*, was one of a select list read by Nixon before his visit to Beijing.<sup>39</sup> Younger radical scholars also found opportunities to engage. A delegation from the CCAS visited China in July 1972 and spent an awestruck few hours with Zhou, who revealed a detailed knowledge not only of US politics but also American scholarship on China, something that few American leaders could reciprocate.<sup>40</sup>

While some commentators continued to offer traditional interpretations of the historic Open Door policy to support the view that affinities between China and the United States pre-dated Cold War hostilities, by the early 1970s the Open Door was increasingly understood as a matter of history and myth, rather than a guide for the present.<sup>41</sup> Drawing on Tuchman's book, Robert J. Donovan, writing in the *Los Angeles Times*, argued that China had been less a land of partnership for Americans than a land of myths and dreams of modernization, wealth, Westernization, and Christian evangelism. "The overwhelming support Mr. Nixon has received for his forthcoming visit to Peking suggests that a sense of proportion has returned and that the astigmatism is being corrected," he concluded.<sup>42</sup> Martin F. Nolan, writing in the *Boston Globe* and also citing Tuchman, said that the pro-Nationalist China lobby had rested on twin "pillars of commerce and religion." He pointed out that Open Door missionaries fathered two of the most vocally anti-Maoist figures in the post-war era: Walter Judd of the pro-Chiang "Committee of One Million" and *Time* magazine's Henry Luce.<sup>43</sup> Ostensibly, the Open Door was "dressed in the high moral concern

for the self-determination of the Chinese people,” wrote A. Michel Aron in the *Los Angeles Times*, citing William Appleman Williams. “In truth, we were simply serving notice on the rest of the world that we were not about to get shut out in Asia.”<sup>44</sup>

Rather than offering any immediate commercial opportunities, Henry Owen argued in the *Washington Post*, the chief value of Nixon’s trip to China therefore lay in challenging long-held myths about China, of which the Open Door was a central example. “U.S. policy in Asia has been distorted by unrealistic American judgments about China for the last hundred years,” he wrote. Such “recurring fits of self-deception have reflected a persistently romantic American view of China,” driven by “vast ignorance”, which Nixon now had a chance to dispel. If he succeeded, Owen concluded, Nixon’s visit would be “the most useful venture in public education since McGuffey’s Reader.”<sup>45</sup>

Many Americans learned about China from the television rather than printed media. Here, too, documentaries and reports accompanying Nixon’s visit to China offered a vision of the Open Door that was noticeably different to the past. A particularly key example was “Misunderstanding China”, produced in 1972 by CBS and reported by Charles Kuralt, which placed the Open Door policy within a subtle and detailed cultural history of American attitudes and prejudices toward China. The documentary offered a forensic examination of cartoons, stereotypes, caricatures and political debates stretching back into the nineteenth century. It suggested that the United States had consistently demeaned China and the Chinese for its own ends, and that the new era would have to be characterized by a more respectful engagement with China and a more unvarnished assessment of America’s historic role in the region. “Misunderstanding China” was pioneering for both its cosmopolitan ethos and cultural approach. The documentary also showed that it would no longer be possible to use the Open Door as uncritical evidence of the United States’ historic good intentions.

With the myth dispelled, official deployment of Open Door rhetoric now entered a seemingly terminal decline. Rather than claiming the United States should restore its traditional relationship, public figures in the 1970s typically avoided drawing parallels between the historical exploitation of China and the “businesslike” relations promised by the emerging rapprochement.<sup>46</sup> In stark contrast to its routine use earlier in the century, analysts, politicians, and pundits typically avoided Open Door metaphors.

### ***The Struggle for a New International Economic Order***

At an event hosted by the Union Theological Seminary in New York in 1966, the student radical Carl Oglesby presented an account of the origins of the Cold War that distilled the critical left-wing view of US foreign policy developed over the previous decade. The Open Door, part of a long history of exploiting weaker peoples around the world, he argued, was “a politically expedient way to formulate our expansionist Asian objective.” During the Cold War, Open Door mythology helped sustain an illusion of national innocence as well as a sense that vital American interests were under threat. Like many at the time, though, Oglesby believed the era of capitalist exploitation was coming to an end. “The West wants a world that is integrated and (in Max Weber’s sense) rationalized in terms of the stability of resources, labor, production, distribution, and markets,” he argued. “Others do not. They have acquired powers of resistance in the East. Therefore there is an East-West struggle, in our time called the Cold War.”<sup>47</sup>

Oglesby’s “East-West” characterization was reductive, but it is true that resistance to the US-dominated international order grew in the middle years of the Cold War. The most visible sign of this was the United States’ fruitless efforts to impose its model of modernization upon Vietnam, where billions of dollars and tens of thousands of soldiers’

lives failed to undermine North Vietnamese resistance to the US-supported South. But Vietnam was only one part of a larger set of global transformations, as recovering and newly emerging nations challenged the primacy of the United States. The early Cold War had been a time when colonized peoples around the world fought for political liberation. With attention focused on the European powers, struggling to maintain their grips on their global possessions, the United States could be seen as a potential ally. By the 1960s, many new and developing nations refocused their attention on the economic dimension of liberty, and US “neo-imperialism” became a target for attack. The Soviet Union and its client states had long attacked US global power as the latest stage of capitalist imperialism, but new variants of critical progressive thinking emerged in the global South, especially from the nations involved with the Non-Aligned Movement. Founded in 1961 by India, Indonesia, Egypt, Ghana, and Yugoslavia, the Non-Aligned Movement sought to break away from the “East-West” order and promote sovereignty in the developing world. A critical intellectual catalyst was “dependency theory.” Contrary to claims that free markets produced a rising tide that lifted all boats, dependency theory suggested that that the capitalist international economic order entrenched inequalities between the poor periphery and wealthy imperial nations. Many concluded that the commercial exploitation of the periphery would only end when less developed nations took direct control over the means of production. These ideas were particularly influential in Latin America, where many countries were searching for alternative pathways for development. Between 1968 and 1976, nearly a dozen Latin American nations nationalized US-owned companies and properties. A particularly contentious case was Chile, where the socialist president Salvador Allende, elected in 1970, argued that the “excess profits” earned in the past by US copper companies meant they were not entitled to compensation for the expropriation of their assets.<sup>48</sup> Meanwhile,

other nations began to impose new regulations on foreign investors, attempting to limit multinationals' opportunities to exploit local resources and expatriate profits even where they were allowed to continue operating.

Despite facing immense challenges stemming from persistent poverty, the new thinking and new alliances emerging in the global South in the 1960s and 1970s were driven by optimism that the age of imperialism was coming to an end, a belief that strengthened as the Bretton Woods system of fixed exchange rates began to fracture. As a result of containment-era policies, the United States found itself expending ever more resources on maintaining economic and political control of the global order it created. It became harder to sustain a global military presence, overseas investments, and favourable trade and aid deals for allies. In the face of growing competition from Europe and Asia, US manufacturers found their profit margins declining. Speculative attacks on major currencies became common, as international currency traders attempted to uncover weaknesses in the exchange rates agreed by the IMF. While signatory nations had formerly limited the impact of speculation by restricting capital flows, this became increasingly difficult as financial markets grew more internationalized. After a series of unsuccessful efforts to sustain the Bretton Woods system, Nixon was eventually forced to devalue the dollar and move toward a free-floating currency. Other nations followed suit, and by the mid-1970s the system of fixed exchange rates had come to an end.

Although the collapse of Bretton Woods and rising inflation in the United States strengthened the perception that the United States was in decline, in many ways these problems were a result of the successes of the international system built during the previous generation. Decades of economic growth increased demand for primary goods and strengthened the relative position of commodity producers against the industrial

manufacturers they sold to. Demand grew further in the early 1970s, as nations began using the flexible currency regime to support more active growth and investment policies. The US money supply expanded by 40 per cent in the first three years of the decade; the UK's, after it departed from the Bretton Woods, grew by nearly 70 per cent in 1972 and 1973 alone.<sup>49</sup>

As prices for commodities climbed, developing nations pushed for a greater share of the economic pie. The nationalization of assets was a core part of this general strategy to rebalance profits across the international supply chain. Perhaps the most significant and successful indicator of producer power came in 1973, when – in the wake of the US decision to supply Israel with arms during the Six Day War – the Arab members of the oil producers' cartel, OPEC, alongside non-members Egypt and Syria, imposed an embargo on the supply of oil to the United States and its allies. Global oil prices quadrupled virtually overnight, plunging the United States into crisis.

The oil shock produced a complex series of effects, strengthening economic nationalism in the Third World, and highlighting the vulnerability of nations in the First World. As the historian Daniel Sargeant notes, "Nixon and Kissinger were taken aback in the winter of 1973-74 to discover just how vulnerable to external economic shocks the United States had become." They began to talk of the importance of interdependence and connection in international diplomacy.<sup>50</sup> The United States entered a period of "stagflation," characterized by persistently low growth and high inflation, a double blow that conventional economic theories struggled to explain. Economists and politicians began to turn away from the conventional Keynesian arguments that had dominated policymaking since the 1940s and looked toward new theories that focused on controlling the money supply as a critical element of a sound economic policy. Reformers also tended to emphasize the importance of deregulating and opening international markets to reinvigorate the economy, moving away

from the managed international architecture of the early Cold War years. Although the anti-Keynesian tradition was most closely associated with the Austrian economist and political theorist Friedrich Hayek, perhaps the most important voice for economic reform in the 1970s was the Chicago economist and father of the theory of monetarism, Milton Friedman. Friedman worked for the government during the Roosevelt years, where he developed a suspicion of large-scale economic planning on prices and wages. After the war, Friedman attended the University of Chicago, and remained there for his career, receiving the Nobel Prize for Economics in 1976. Although monetarism specifically referred to the technical debates over the relative importance of managing the money supply as a tool for stimulating economic growth, Friedman's public advocacy went far beyond this. During the 1970s, he emerged as the most forceful and articulate supporter of deregulation and economic liberalism. The idea of democratic socialism, he argued in his book, *Capitalism and Freedom*, was a "delusion":

Economic arrangements play a dual role in the promotion of a free society. On the one hand, freedom in economic arrangements is itself a component of freedom broadly understood, so economic freedom is an end in itself. In the second place, economic freedom is also an indispensable means toward the achievement of political freedom ... Historical evidence speaks with a single voice on the relation between political freedom and a free market. I know of no example in time or place of a society that has been marked by a large measure of political freedom, and that has not also used something comparable to a free market to organize the bulk of economic activity.<sup>51</sup>

For Friedman, economic freedom was an essential prerequisite for political liberty.

If the oil shock contributed to political and intellectual turmoil in the United States, oil-producing nations, by contrast, were flooded with cash. In many ways, the modern era of globalization began in the wake of the oil shock. International capital markets expanded enormously as idle “petrodollars” were reinvested around the world. Oil money underwrote the persistent, growing trade deficits posted by the United States due to its addiction to foreign goods, and indeed to permit the continued purchase of oil. This was a circular lending regime that inverted the “triangular trade and investment” system of the 1920s, when the US had lent to Europe to allow Europe to cover its debts to the United States. Other petrodollar credit lines were stretched out to developing countries, where increasingly reckless lending was matched by aggressive borrowing, as governments pursued deficit-financed growth strategies to catch up with the West. Around the world, governments used the easy supply of credit in the 1970s to ratchet up their spending, often investing in industrial production for markets that were already saturated. Between the early 1970s and the early 1980s, average government spending in industrialized nations rose from a third of GDP to more than 40%, while public sector employment regularly exceeded a fifth of all jobs.<sup>52</sup>

At the same time, many developed nations began calling for tighter control over international trade. Many argued that the supply, and therefore the price, of primary products should be controlled in much the way that OPEC had done with oil, to ensure that a greater share of worldwide profits went to those who supplied the raw materials. Producers of copper, bauxite, and iron ore, as well as of foodstuffs such as coffee and bananas, saw big oil as a model for what might be done to enhance prices in their own sectors, although petroleum turned out to be a highly distinctive case due to the relatively small number of nations that provided most of the world’s supply.

These aspirations reached a crescendo in May 1974, when the UN General Assembly adopted a “Declaration for the Establishment of a New International Economic Order,” or NIEO, as it came to be known. The declaration took direct aim at the US-dominated system of “neo-colonialism.” It asserted that it was “impossible to achieve an even and balanced development of the international community under the existing international economic order.” To ensure that development and progress was spread more equally, the Assembly called for a package of measures that amounted to a comprehensive refutation of the Open Door. Countries would have the right to adopt whatever economic system they wished, capitalist or non-capitalist; states would be guaranteed complete sovereignty over their indigenous resources, and have the right to nationalize companies that extracted them on exploitative terms; international corporations would be regulated and monitored so they could not subvert the interests of the nations in which they operated; international trade would be controlled to maintain stable and fair prices for raw materials, if necessary through cartels and trading blocs analogous to OPEC; and economic aid would be stepped up, and provided without political discrimination and without conditionality.<sup>53</sup>

American officials and politicians grew increasingly concerned about the dangers of economic nationalism, but they struggled to respond. Influential figures such as Henry Kissinger gloomily predicted the United States was entering a period of managed decline. The restive conservative flank of Congress, feeling that the terms of international trade had already shifted too heavily against US interests, demanded that the White House assertively return to Open Door principles of unfettered commercial access and unregulated international trade. In the wake of the Cuban revolution, when Castro’s regime expropriated a range of US-owned assets, Senator Bourke Hickenlooper, a Republican from Iowa, proposed an amendment to a foreign aid bill to cut off aid to any country that nationalized

US assets. Although defeated, a revised version of the amendment was adopted in 1964. Johnson and Nixon sought to evade the amendment, believing that the negative geopolitical consequences of cutting off aid vastly outweighed the benefits, especially if nations chose to accelerate their nationalization programs in the wake of punitive actions. Peru's relations with the US had been tense since the nationalization of the US-owned International Petroleum Company in 1968, but as Kissinger pointed out, the country had around \$700 million of US investment and received only about \$35m in aid. "If the cut-off of the \$35 million leads to nationalization of the \$700 million, what have we accomplished," he asked?<sup>54</sup>

Nevertheless, complaints about the unfair treatment of US businesses grew more intense as the NIEO agenda gained momentum. Congressional conservatives voted down a series of foreign aid and multilateral funding bills as a sign of frustration with the White House, the World Bank, and the IMF. In response, Nixon toughened his stance, opposing loans to Guyana and Bolivia after they nationalized US assets, and applying economic pressure on India in the midst of the India-Pakistan War.<sup>55</sup> As expected, the international reaction to this was extremely negative. Moreover, as the historian Hal Brands points out, the policies were "strikingly ineffective".<sup>56</sup> In the wake of the oil embargo and commodity price boom, the loss of US aid seemed marginal compared to the potential benefits of controlling the means of production. Undeterred, the Peruvian government continued its nationalization programme. Meanwhile, Venezuela developed plans to nationalize its oil industry. The United States imported more than a quarter of its domestic oil supplies from Venezuela, and had more than \$3bn of assets invested in the country, yet its influence on the Venezuelans seemed marginal.

In this sense, the notoriously aggressive approach adopted by the Nixon administration to punish the nationalist Allende regime in Chile for its efforts to break away from the US order – ranging from covert operations and black propaganda to coordinated efforts to block Chile's access to international credit – stands out precisely because it was so much more aggressive than other approaches taken in these years. More often, the US response to the challenge of the NIEO was disordered and incoherent. When a second oil crisis hit in the wake of the Iranian Revolution of 1979 and the US again fell into a recession, the country seemed no more in control of international events than a decade earlier. Many accepted President Jimmy Carter's declaration in July 1979 that the nation suffered from "malaise." In response, voters ejected him from office a year later and replaced him with Ronald Reagan, a politician who voiced the kind of conservative demands for American primacy that had been denounced as extremist by moderate politicians of both parties in the previous decades.

### ***Globalization and the Return of the Open Door***

The effort to promote free and unrestricted commercial opportunities for American businesses, and open foreign markets to US goods advanced in fits and starts across the century. The shift toward closed economic and political blocs, restricted international trade, and clashing imperial rivalries that had emerged in the wake of the Depression crisis of the 1930s was followed by a long period of American leadership after the Second World War as the United States constructed a system of managed capitalism. This reinvigorated global trade, but within carefully controlled limits. A new phase emerged in the 1960s and 1970s, as emerging nations pursued nationalistic policies in the hope of accelerating their path of development and distributing more evenly the global returns from trade. The United States

seemed to be on the brink of losing the central role it played in the international order since the Second World War. The 1970s marked the first decade since the 1930s that Americans were less well off at the end than the beginning.<sup>57</sup> Meanwhile, from Cuba to Vietnam, from Chile to Iran, smaller nations rejected the US-led model of modernization and attacked the United States for neo-colonialism. In light of the failure in Vietnam, the upheavals of the civil rights movement, and a fracturing of the domestic consensus, faith in the US approach to the Cold War struggle was badly shaken. Under Presidents Nixon, Ford, and Carter, the United States began negotiating with its staunchest Cold War rivals, the Soviet Union and China. However, the promise of stability that was the central justification for détente also proved elusive. Many on the Right, in particular, complained that the normalization of relations with the Eastern bloc only encouraged communists and revolutionaries in places such as Afghanistan, Angola and Central America. By the end of the 1970s, East-West tensions were as bad as they had been in the early Cold War. As the historian Jeffrey Friedan notes, "The 1970s and early 1980s looked ominously like the 1930s, an antechamber to autarky and even military hostility, as relations between the United States and the Soviet Union deteriorated."<sup>58</sup> The election of Ronald Reagan, a conservative and aggressive cold warrior, seemed to suggest that politics was taking a step back.

This period of US global retrenchment came to an end in the 1980s, as the United States reasserted its global dominance through a more uncompromising version of the Open Door idea than had been seen since the beginning of the century. At the heart of this changing balance of power was an international credit crisis, stemming in large part from policies initially implemented to stabilize the US domestic economy. In the hope of finally beating inflation, the Federal Reserve raised interest rates in 1980. Paul Volcker, the chairman of the Federal Reserve, reasoned that higher interest rates would steady prices

and bring the “stagflation” of the previous decade to a halt. Dramatically, rates reached a peak of 20% by mid-1981, and Volcker kept them high for an unprecedented period. Already struggling with the second oil shock of 1979, the United States plunged into a sharp recession. Unemployment in the United States rose precipitously as the economy crashed, but eventually inflation fell.

Facing growing anger at the Federal Reserve’s aggressive policies, President Reagan abandoned his fiscal conservatism and set about cutting taxes and massively ramping up military spending as part of a renewed Cold War challenge to the Soviet Union. The deficit, which had grown in the early 1970s but receded later in the decade, ballooned to levels unseen since the Second World War. This stimulus helped the American economy pull out of its tailspin, and by 1984 Reagan was able to claim that it was once again “Morning in America.” With inflation low and the economy booming, the president was re-elected by a landslide.

The recessionary climate of Reagan’s first years disproportionately affected the poorest Americans and increased inequality. However, the trauma of Volcker’s policies at home was as nothing compared to their impact internationally. Developing nations that had borrowed heavily in the hope of charting a path to industrialization were now faced with insurmountable interest payments. By 1981 the Third World had accrued more than \$750bn in overseas debt, mostly in rapidly-industrializing states such as Brazil, Mexico, Turkey, and South Korea. The US recession of the early 1980s dampened demand for manufactured goods and reduced export returns. To cover the shortfall, nations boosted production still further, which contributed to a global glut in industrial goods and more crises for manufacturers trying to enter the market. By late 1981, Latin American nations alone were borrowing a billion dollars a week, most of which disappeared immediately on servicing

debts.<sup>59</sup> As interest rates in the United States rose precipitously, the cost of acquiring new debt climbed even further. The result was an escalating series of international credit crises.

With private investment scarce, developing countries turned to the IMF and the World Bank for help. But here, too, the terms of trade began to change. During the 1970s, US relations with the multilateral institutions had been poor. Conservatives complained that the IMF and World Bank had been captured by their developing-world clients and no longer served US interests. President Ford's Secretary of the Treasury William Simon was particularly vocal in presenting the World Bank as an international version of the kind of statist, New Deal agencies that conservatives were trying to dismantle at home.<sup>60</sup> Critics on the Left and Right complained that the World Bank and IMF were providing crucial budgetary assistance to corrupt leaders, allowing them to evade the negative consequences of their misconduct. Facing a growing wave of criticism, the World Bank was forced to abandon a plan to support irrigation projects in the Socialist Republic of Vietnam. In the wake of a decision to lend to the Argentine junta in 1977, Congress slashed its appropriations for the Bank.<sup>61</sup>

It was widely expected that the election of Reagan, a conservative standard-bearer, would expand the breach between the United States and the international institutions. Instead, appropriations began to grow again. Rather than abandoning the IMF and World Bank, the Reagan administration instead reoriented them to more closely serve US goals of economic liberalization. This represented a form of Open Door politics more uncompromising and closer in appearance to policies pursued in the 1910s and 1920s than anything of the early Cold War.

Ironically, this reorientation originally emerged from efforts within the World Bank to expand its aid to the developing world. The Bank found that traditional lending, in which

loans were targeted to support specific projects, was unwieldy, slow to negotiate, and often limited the freedom of governments to target their spending on the most important areas. A 1972 internal World Bank review claimed that as many as 45 per cent of loan schemes were poorly planned.<sup>62</sup> The former Secretary of Defense Robert McNamara, who had led the Bank since 1968, proposed a new programme of “structural adjustment loans” (SALs) to rapidly funnel money to governments in need and to give them greater freedom to use the money flexibly. To ensure these loans were credit-worthy, the Bank presented them as funds to support economic liberalization measures including the deregulation of markets and the opening of borders to international trade. Turkey and Kenya secured the first SALs in 1980, and over the next two decades such loans came to occupy a growing share of Bank activities. More than \$100bn was loaned out under the structural adjustment programme in this period, to more than 100 countries.<sup>63</sup>

Over time, the “structural adjustments” that recipient countries were obliged to implement to receive this funding grew more demanding. Countries were obliged to cut spending, privatize assets and open their markets. Tom Clausen, a former president of the Bank of America, replaced McNamara in 1981. Clausen believed that economic liberalization, not state-led investment policies, was the way to promote modernization in the developing world and he increased the rates at which borrowing countries were expected to pay back their loans, reduced assistance programs that supported education and social welfare spending, and firmly rejected the New International Economic Order demand for a more managed global economy.<sup>64</sup> At the same time, the Reagan administration began to integrate human rights assessments into lending decisions so that moneys would no longer go to nations the United States deemed to be politically problematic.

The return of US international policy to a purer version of the Open Door became clear in the aftermath of the debt crisis that struck Mexico in the summer of 1982. When it grew apparent the country was no longer able to service its debt, the Mexican Foreign Minister Jesus Silva-Herzog imposed a 90-day moratorium on repayments and called for comprehensive debt renegotiation. In response, the Bretton Woods institutions began demanding the Mexican government liberalize its economy to promote long-term growth. The Mexican crisis collapsed private lenders' faith in the creditworthiness of sovereign debtors across the developing world. Within a year, nearly three dozen nations were forced to renegotiate their debts.<sup>65</sup> This brought many state-led efforts to improve the quality of life in these countries to a halt. In Latin America, the result was a so-called "lost decade."

Imposed through the hidden but seemingly unstoppable power of global finance, the 1980s thus witnessed a historically-unprecedented advance for the politics of the Open Door. Arguably, more progress was made toward a free and unfettered global marketplace than in any other decade of the century. Under pressure from the US, the multilateral institutions, and private lenders, regimes around the world abandoned older growth strategies based on state planning and controlled economies, and moved toward export-led growth, the privatization of assets, and market liberalization. Linked to this was a move away from political authoritarianism, as centralized states lost credibility and ceded power to more representative political structures.

The Communist world, too, began to open its doors to accept what would in the 1990s become known as the "Washington Consensus." This process began in China, when in the aftermath of Mao's death Deng Xiaoping adroitly maneuvered the communist state through a phased marketization of the economy and began engaging with the GATT free trade machinery. Many began calling this the "new Open Door policy". However, as Kong

Qinjiang notes, "The new Open Door policy was not just a repetition of the old one. It differed from the old one in that this time the Chinese government was no longer forced by western powers to open its doors, but by its anxiety for prosperity."<sup>66</sup>

The move toward economic liberalism was more traumatic in the Soviet Union where large and inefficient state industries struggled to adjust to the competition that the new leader, Mikhail Gorbachev, tried to promote. Rather than jump-starting growth, Gorbachev's program of *perestroika*, or restructuring, exposed a deep-rooted crisis in the Soviet Union and contributed to the fragmentation of the Eastern bloc. By 1989, the Soviet sphere of influence in Eastern Europe had largely collapsed, and in 1991 the Soviet Union itself fell apart. Something that had seemed unimaginable to the prophets of détente in the early 1970s now took on the aura of inevitability. The rusting machinery of the East, it was widely argued, was unable to respond to the innovation and entrepreneurialism of free market capitalism.

And thus the great contradiction of the late Cold War era came to fruition. At the very moment when the United States had seemed weakest, in the early 1970s, the conditions for the re-emergence of Open Door economics took shape. Developing nations who believed they were using international capital markets to break free from Western dominance instead found that debt became a noose around their necks. And when the tide turned once more and the balance of power shifted away from primary producers on the periphery and towards international lenders at the core, the global South and the Cold War East were forced to embrace Open Door-style modernization and liberalization. The language of the Open Door had in large part been destroyed by criticism and attacks of the 1960s and 1970s, but its spirit lived on. Indeed, the Open Door idea, reinvented as "globalization", emerged triumphant.

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<sup>1</sup> Gaddis Smith assesses whether the Monroe Doctrine enjoyed a 'premature obituary' in these years. See Gaddis Smith, *The Last Years of the Monroe Doctrine* (New York: Hill and Wang, 1994), 139-160?.

<sup>2</sup> 'China Trade: A Shrinking Boycott', *Christian Science Monitor*, 23 April 1957.

<sup>3</sup> 'Chinese Reply', *Washington Post*, 19 December 1950.

<sup>4</sup> James Bertram, 'Open Door to China: Interview with Chou En-Lai', *The Nation*, 23 June 1956.

<sup>5</sup> 'Chou Said to Talk of an Open Door', *New York Times*, 12 August 1956.

<sup>6</sup> 'Barely Open Door Policy', *Christian Science Monitor*, 30 April 1957.

<sup>7</sup> 'China: To Trade or Not to Trade', *Christian Science Monitor*, 8 June 1957.

<sup>8</sup> 'U.S. "Door Open" To Talks If China Gives Up Hatred', *New York Times*, 14 December 1963; 'Excerpts From Speech Outlining U.S. Policy Toward Peking', *New York Times*, 14 December 1963.

<sup>9</sup> James C. Thomson, 'On the Making of U.S. China Policy, 1961-9: A Study in Bureaucratic Politics', *China Quarterly* 50 (Apr-Jun 1972), 229.

<sup>10</sup> 'Hot Air Through the Open Door', *Hartford Courant*, 16 December 1963.

<sup>11</sup> 'Open?', *Washington Post*, 15 December 1963.

<sup>12</sup> 'Chinese Reds Deride Speech By Hilsman', *New York Times*, 15 December 1963.

<sup>13</sup> 'U.S. Will Never Quit Nationalists, Rusk Vows', *Los Angeles Times*, 29 January 1964. This was followed by even stronger rejections of the overtures from China. See Seymour Topping, 'Red China Slams U.S. Open Door', *Atlanta Constitution*, 20 February 1964.

<sup>14</sup> 'Bundy: U.S. Arms Vital to China Curb', *Atlanta Constitution*, 13 February 1966.

<sup>15</sup> 'A Bonus For Red China', *Chicago Tribune*, 29 March 1966.

<sup>16</sup> Ralph Nader, 'U.S. Trade With Red China?', *Christian Science Monitor*, 7 February 1964.

<sup>17</sup> 'Brown Says China Policy Is Failure', *Baltimore Sun*, 24 April 1964.

<sup>18</sup> 'Lattimore Sees Policy Dangers', *Christian Science Monitor*, 30 March 1966.

<sup>19</sup> Roger Hilsman, 'The Only Hope: Learn to Live with Red China', *Los Angeles Times*, 20 March 1966.

<sup>20</sup> 'A Policy For China', *New York Times*, 10 June 1966.

<sup>21</sup> 'Hubert Asks Open Door to Iron Curtain', *Chicago Tribune*, 6 March 1967; 'Humphrey Urges Cohesion In West', *New York Times*, 6 March 1967; 'Humphrey Gets Gala Welcome', *Washington Post*, 11 April 1967; 'Hubert Urges Arms Cut By East and West', *Chicago Tribune*, 24 May 1968.

<sup>22</sup> 'Lasting Peace in Asia', *Atlanta Constitution*, 15 July 1966; 'Johnson Urges Peking to Join Peace Effort', *Los Angeles Times*, 21 July 1966.

<sup>23</sup> Tom Wicker, 'The Swinging Door Policy', *New York Times*, 18 September 1966.

<sup>24</sup> 'A Policy For China', *New York Times*, 10 June 1966.

<sup>25</sup> Oscar Handlin, 'Review of William Appleman Williams, *The Contours of American History*', *Mississippi Valley Historical Review* 48, no. 4 (March 1962): 743-4.

<sup>26</sup> Adolf A. Berle, 'A Few Questions for the Diplomatic Pouch', *New York Times*, 15 February 1959; William L. Neumann, 'Some Radical Views on U.S. History', *Baltimore Sun*, 22 February 1959; William T. Stone, 'A Critical Look at Foreign Policy', *Washington Post*, 22 February 1959.

<sup>27</sup> Key texts include D. F. Fleming, *The Cold War and Its Origins* (Garden City, NY: Doubleday, 1961); Ronald Steel, *US Foreign Trade Policy* (New York: H. W. Wilson, 1962); Lloyd C. Gardner, *Economic Aspects of New Deal Diplomacy* (Madison: University of Wisconsin Press, 1964); David Horowitz, *The Free World Colossus: A Critique of American Foreign Policy in the Cold War* (London: Macgibbon and Kee, 1965); Gar Alperowitz, *Atomic Diplomacy: Hiroshima and Potsdam* (New York: Simon and Schuster, 1965); David Horowitz, *From Yalta to Vietnam: American Foreign Policy in the Cold War* (Harmondsworth: Penguin, 1967); Carl Oglesby and Richard Shauall, *Containment and Change* (New York: Macmillan, 1967); Walter LaFeber, *America, Russia and the Cold War, 1945-1966* (New York: Wiley, 1967); Arno Mayer, *Politics and Diplomacy of Peacemaking: Containment and Counterrevolution at Versailles, 1918-1919* (New York: Knopf, 1967); Gabriel Kolko, *Politics of War: The World and United States Foreign Policy, 1943-1945* (New York: Random House, 1968); Walter LaFeber, *America in the Cold War: Twenty Years of Revolution and Response, 1947-1967* (New York: Wiley, 1969); Ronald Steel, *Pax Americana* (New York: Viking, 1970); Lloyd C. Gardner, *Architects of Illusion: Men and Ideas in American Foreign Policy* (Chicago: Quadrangle, 1970); Ronald Steel, *Imperialists and Other Heroes: A Chronicle of the American Empire* (New York: Random House, 1971); Lloyd C. Gardner, Walter LaFeber, and Thomas J. McCormick, *Creation of the American Empire: US Diplomatic History* (Chicago: Rand McNally, 1973).

<sup>28</sup> Alonzo L. Hamby, 'Father of the Cold War?', *Baltimore Sun*, Dec 31, 1972.

<sup>29</sup> Thomas J. McCormick, *China Market: America's Quest for Informal Empire, 1893-1891* (Chicago: Quadrangle, 1967); Paul A. Varg, *The Making of a Myth: The United States and China, 1897-1912* (East Lansing, MI: Michigan State University Press, 1968); Jerry Israel, *Progressivism and the Open Door: America and China*,

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<sup>30</sup> Varg, *Making of a Myth*, 1, 3.

<sup>31</sup> Ibid., 3, 32.

<sup>32</sup> Steel, *Pax Americana*, 126.

<sup>33</sup> Barbara Tuchman, *Stilwell and the American Experience in China, 1911-1945* (New York: Macmillan, 1971).

<sup>34</sup> Anthony Grey, 'Could China Have Been Saved?', *Chicago Tribune*, 28 February 1971.

<sup>35</sup> Paul M. Evans, *John Fairbank and the American Understanding of Modern China* (New York: Basil Blackwell, 1988), 160.

<sup>36</sup> Ibid., 216.

<sup>37</sup> Chalmers M. Roberts, 'U.S. Eases Curbs On Contact With China: Open Door Doubted', *Washington Post*, 22 July 1969.

<sup>38</sup> Edgar Snow, 'Talks With Chou En-Lai: The Open Door', *The New Republic* 27 March 1971.

<sup>39</sup> Ibid., 289.

<sup>40</sup> Committee of Concerned Asian Scholars, *China! Inside the People's Republic* (New York: Bantam, 1972), 345.

<sup>41</sup> Compare Steve Harvey, 'China Not An Historic Enemy', *Los Angeles Times*, 20 January 1970; Joseph Kraft, 'Still Another China Myth?', *Baltimore Sun*, 20 February 1972.

<sup>42</sup> Robert J. Donovan, 'Nixon's Overtures to China are a Product of Evolution', *Los Angeles Times*, 21 July 1971.

<sup>43</sup> Martin F. Nolan, 'The Political Plumbing that Shaped US View of China', *Boston Globe*, 28 October 1971.

<sup>44</sup> A. Michael Aron, 'Hi, Hi, Miss People's Republic Pie', *Los Angeles Times*, 13 February 1972.

<sup>45</sup> Henry Owen, 'Nixon's Peking Trip as a Dispeller of "China Myth"', *Washington Post*, 17 February 1972.

<sup>46</sup> Ibid.

<sup>47</sup> Carl Oglesby and Richard Shaull, *Containment and Change* (New York: Macmillan, 1967), 52, 71.

<sup>48</sup> Hal Brands, 'Richard Nixon and Economic Nationalism in Latin America: The Problem of Expropriations, 1969–1974', *Diplomacy & Statecraft* 18, no. 1 (February 2007), 216.

<sup>49</sup> Jeffrey A. Frieden, *Global Capitalism: Its Fall and Rise in the Twentieth Century* (New York: Norton, 2006), 364.

<sup>50</sup> Daniel J. Sargeant, 'The United States and Globalization in the 1970s,' in Niall Ferguson, et. al., eds. *The Shock of the Global: The 1970s in Perspective* (Cambridge, MA: Belknap, 2010), 50-1.

<sup>51</sup> Milton Friedman, *Capitalism and Freedom* (Chicago: University of Chicago Press, 1962), 8-9.

<sup>52</sup> Frieden, *Global Capitalism*, 368.

<sup>53</sup> United Nations General Assembly, 'Declaration for the Establishment of a New International Economic Order,' 1 May 1974.. See also Vernie Oliveiro, 'The United States, Multinational Enterprises, and the Politics of Globalization', in Niall Ferguson, et. al., eds. *The Shock of the Global: The 1970s in Perspective*. Cambridge, MA: Belknap, 2010), 147-9.

<sup>54</sup> Brands, 'Richard Nixon and Economic Nationalism in Latin America', 224.

<sup>55</sup> Patrick Sharma, 'The United States, the World Bank, and the Challenges of International Development in the 1970s', *Diplomatic History* 37, no. 3 (2013), 581.

<sup>56</sup> Ibid., 229.

<sup>57</sup> Judith Stein, *Pivotal Decade: How the United States Traded Factories for Finance in the Seventies* (New Haven: Yale University Press, 2010), xi.

<sup>58</sup> Frieden, *Global Capitalism*, 364.

<sup>59</sup> Ibid., 370, 374.

<sup>60</sup> Sharma, 'The United States, the World Bank, and the Challenges of International Development in the 1970s', 585-7.

<sup>61</sup> Ibid., 594, 600.

<sup>62</sup> Patrick Sharma, 'Bureaucratic Imperatives and Policy Outcomes: The Origins of World Bank Structural Adjustment Lending', *Review of International Political Economy* 20, no. 4 (2013), 672.

<sup>63</sup> Sharma, 'The Origins of World Bank Structural Adjustment Lending', 668-9.

<sup>64</sup> Sharma, 'The United States, the World Bank, and the Challenges of International Development in the 1970s', 604.

<sup>65</sup> Frieden, *Global Capitalism*, 375.

<sup>66</sup> Kong Qinjiang, *China and the World Trade Organization: A Legal Perspective* (New Jersey: World Scientific, 2002), 3.

## Conclusion

### Toward an Open Door Future?

... the century that began full of self-confidence in the ultimate triumph of Western liberal democracy seems at its close to be returning full circle to where it started: not to an “end of ideology” or a convergence between capitalism and socialism, as earlier predicted, but to an unabashed victory of economic and political liberalism.

Francis Fukuyama, ‘The End of History’

As the Cold War entered its final stages, with Soviet power in Eastern Europe fracturing and the People’s Republic of China gradually integrating into the capitalist world order, international relations scholar Francis Fukuyama’s 1989 article, ‘The End of History,’ offered an unabashed declaration of victory for economic and political liberalism. Fukuyama presented the view that had been put forward by conservative politicians like Ronald Reagan and Margaret Thatcher in the 1980s: that there was no longer any viable alternative to the “Anglo-Saxon” model of free international markets and democratic nation-states. The most expansive twentieth-century challenges to liberal capitalism – reactionary authoritarianism, fascism, and revolutionary communism – had been defeated. Surveying the world as it entered the final decade of the twentieth century, Fukuyama admitted that parts of the world still resisted the onslaught of capitalist democracy, especially where theocratic Islam held sway. But this ideology, he felt, offered little appeal outside the Islamic world, and in the long run would end up on the ash heap of history. The war of ideas had been won, and everything else was historical inevitability.

Fukuyama was undoubtedly an Open Door advocate, even if he did not use the term. Indeed, the most important evidence of the triumph of Western values, to Fukuyama, could

be found in China. Whereas a century before, the Open Door had been imposed on China by foreign invaders and avaricious domestic collaborators, in the 1980s the People's Republic was in the middle of a vast pro-market revolution driven by its own impulse. Speaking in language that would have been intimately familiar to earlier exponents of the Open Door tradition such as Theodore Roosevelt, Woodrow Wilson, Cordell Hull, or Milton Friedman, Francis Fukuyama confidently predicted that these economic transitions would inevitably lead to democratic reform and international peace. Fukuyama even managed to interpret China's clear determination to resist Western democracy in hopeful terms. "By ducking the question of political reform while putting the economy on a new footing," he wrote, "Deng has managed to avoid the breakdown of authority that has accompanied Gorbachev's *perestroika*."<sup>1</sup> The Chinese economy was becoming "more open to the outside world." More than 20,000 Chinese students were studying in the West. They would bring back reformist political ideas, as would businesspeople and tourists. Based on this model, sooner or later, democracy would triumph.

Of course, as the checkered history of the Open Door in the twentieth century reveals, sooner or later can be a very long time. There is no denying the significance of the shift to market economics in China, the former Soviet Union, in Latin America, India and elsewhere around the world. It altered billions of people's lives; hundreds of millions were lifted out of poverty because of China's breakneck economic growth alone. As Jeffrey Frieden states, these shifts "were the cardinal developments of the last quarter of the twentieth century."<sup>2</sup> Even so, there has not been the same obvious advance for political democracy since the end of the Cold War, and in some places democratic politics has taken a step back. The Tiananmen Square massacre, in which the Red Army killed hundreds if not thousands of pro-democracy protestors in early June 1989, almost at exactly the time

Fukuyama's article was being printed, turned out not to be a last gasp of Chinese authoritarianism but proof that the Communist Party elite was determined to make sure economic liberalization did not erode their political power. Rather than succumbing to the lure of Western democracy, Chinese politics in the late twentieth and early twenty-first century has been shaped instead by a resurgent nationalism and a forceful reinterpretation of history that shares little with the Whiggish models of Western modernization offered by twentieth-century Open Door advocates. At its centre was the idea of *bǎinián guóchǐ*, the "century of humiliation" of China by the West that began with the first Opium War of 1839-42 and ended with the Communist Revolution in 1949. In this view, John Hay's Open Door Notes reveals America's shared guilt in the exploitation of China, not a sign of its benevolence. Russia under Vladimir Putin, too, has replaced the Soviet Union's ossified ideology with a new nationalist history that fails to accord with the Open Door vision of an inevitable, hand-in-hand advance of political and economic liberalization. At its centre is the great national victory against Nazi Germany, won by an uncompromising and militaristic Stalinist regime that demanded nearly limitless sacrifices from the Russian people and had no time for liberal democracy. The vast financial support provided by the United States under lend-lease receives little mention.

In one sense, of course, it is a truism that economic and political change is inseparable. It is a mistake, however, to conclude, as Cordell Hull did in the 1930s, that "the political line-up follow[s] the economic line-up", or that the liberalization of international trade is necessarily linked to the advance of democracy. After all, the flow of peoples, goods and ideas is by no means unidirectional, and many Western commentators have argued in the quarter century since the end of the Cold War that the West needs a little less democracy and a little more Chinese-style direction. The debate continues over whether

economic liberty and political liberty are two sides of the same coin, and it seems unlikely to be resolved any time soon. Whereas the reforms that followed Latin America's "lost decade" of the 1980s contributed to the collapse of older, authoritarian states in the region, and in general support for democracy in the Western hemisphere has consistently grown in recent decades, in other parts of the world democratic values and institutions have not enjoyed the same success, and there have been a series of "failed states" in which stable governments have collapsed entirely. Indeed, in some contexts the global marketplace has hollowed out older systems of democratic representation. Apocalyptic claims of the end of democracy surely go too far. But it is hard to deny that global capitalism has imposed strict limits on the freedom of individual states to run their own affairs, in contrast with the aspirations of America's global planners during the Second World War.

In the final decade of the twentieth century and the first decade of the twenty-first, market liberalization, often under US auspices, has continued apace. After an extended pause in the wake of the Tokyo Round of the General Agreement on Tariffs and Trade, completed in 1979, the Uruguay Round of talks finally concluded in 1994. This extended the scope of previous international free trade deals under GATT, especially in the field of intellectual property, and created for the first time a permanent body for the management of market integration, the World Trade Organization (WTO). Fair Deal Democrats hoped to create such an organization in the late 1940s; it took a half century to come into existence. Nevertheless, the new WTO seemed to support Fukuyama's claim that globalization at the end of the twentieth century had brought the world back to the patterns of the start, assigning the closed autarkic models of the 1930s, the Cold War systems of managed international capitalism, and the nationalization projects of the 1960s and 1970s, to history. China was brought into the WTO in 2001; the Russian Federation acceded in 2012. By that

year, 157 nations were signatory members, over three times the number that had adopted the original Charter of the United Nations in June 1945. As President George H. W. Bush declared 1990, the planet was witnessing the birth of a “new world order.”<sup>3</sup>

Projects to promote regional economic integration also followed the end of the Cold War. In Europe, the signing of the Maastricht Treaty in 1992 initiated the process of creating a single currency, the Euro, across the continent that had already undergone the greatest degree of economic integration during the Cold War. 1994 saw the creation of the North American Free Trade Agreement (NAFTA), which brought together Canada, the United States, and Mexico in a vast new free trade zone of nearly half a billion people. The Caribbean Basin Trade Partnership Act of 2000 extended NAFTA’s preferential terms to 23 other nations. Further liberalization took place in South America, through regional trading blocs like Mercosur, which was established in 1991, and in East Asia under the ASEAN Free Trade Area, signed in 1992. Veteran advocates of dependency theory and state-led growth strategies, such as Fernando Henrique Cardoso, who became Brazil’s president in 1995, disavowed their earlier views and pursued market-oriented development strategies. By 2015, a new set of US-led free trade deals were in the works: a Trans-Pacific Partnership (TPP) to bring together a dozen nations along the Pacific Rim, and the Transatlantic Trade and Investment Partnership (TPIP), linking the United States and the European Union. Although some commentators complained that the lowering of tariffs within regional areas was accompanied by continuing protection outside of them, in broad terms these deals contributed to a growing internationalization of most economies. The process of global economic liberalization seems to be proceeding as enthusiastically as ever before.

Since the 1970s, the world economy has globalized in relative as well as absolute terms. As Frieden notes, by the end of the century trade occupied nearly twice the share of

global GDP than at the beginning.<sup>4</sup> Although many countries continued to protect parts of their domestic markets, especially through the use of “non-tariff barriers to trade”, environmental and labour regulations, and the control of privileged commercial sectors, the signal developments of these years have been the creation of new digital technologies that lowered the cost of global communication; the unstoppable rise of containerized shipping underpinning increasingly sophisticated global supply chains for consumer goods; and, perhaps most importantly, the continued globalization of financial markets. The size of global capital markets rose from \$160 billion in 1973 to over \$5 trillion by the early 1990s. “By the late 1990s international financial activities were so intertwined with domestic financial markets that for all intents and purposes there was one global financial system that included all the developed countries and many developing and formerly Communist countries,” Frieden writes.<sup>5</sup>

The rate at which capital could flow in and out of national economies imposed strict discipline on national governments, including the United States. Upon taking office, President Bill Clinton was forced to abandon a series of ambitious social reforms in order to maintain America’s creditworthiness. “I used to think if there was reincarnation, I wanted to come back as the President or the Pope or a .400 baseball hitter,” Clinton’s chief campaign strategist James Carville, told the press in 1993. “But now I want to come back as the bond market. You can intimidate everyone.”<sup>6</sup> Learning the lessons of Latin America’s lost decade, many smaller economies in the 1990s tightened their belts and sought to pay down their debts.

Globalization brought many winners, both developed-world consumers who gained access to a quality of life exceeding the privileges of the world’s wealthiest in the early twentieth century, and many in the developing world who were able to build for their

families' futures, escape the rural economy, and gain employment in burgeoning industrial and service sectors. Not everyone benefited, however. Many who lost out did so severely. Countries in sub-Saharan Africa, in particular, saw comparatively little benefit from the new wave of globalization. Among other things, high birth rates meant that growing African economies struggled to keep up with the needs of the population. Worldwide the number of people living in absolute poverty actually rose by the end of the twentieth century to over 1.6 billion, even as the share of the world's population living in such conditions fell.<sup>7</sup>

The ever-faster flow of international capital left nations vulnerable to financial crises. Emergencies could seemingly develop overnight, wreck national economies, and produce unpredictable patterns of financial "contagion". Britain's participation in the European fixed exchange-rate mechanism (preceding the Euro) collapsed acrimoniously in the wake of the "Black Wednesday," a crisis in 1992 that forced the conservative government under Prime Minister John Major to spend billions to support an inflated pound, before withdrawing from the ERM in defeat. The debacle contributed to a recession, weakening the conservative government that had been ruling since 1979, and led, five years later, to the election of New Labour. In the wake of a series of political crises in Mexico in 1994, speculators bet against the peso, which was pegged against the dollar in order to encourage investment. After a fruitless struggle, Mexico was forced to devalue its currency and, despite receiving a \$50 billion bailout from the United States, plunged into recession. Looking at such events, international economists began to talk of an "impossible trinity" or "trilemma", arguing that it was not possible to exercise national monetary sovereignty and control exchange rates at the same time as permitting the free flow of international capital. Controlling capital flows under Bretton Woods had allowed nations to manage their currencies; free capital movement under globalization made this almost impossible.

Similar events to the peso crisis followed. During the 1997 Asian financial crisis, currencies fluctuated wildly, real estate assets in some countries collapsed, and public and private debt soared. The crisis led to further credit collapses in Russia and Brazil through contagion, and those in turn sparked a severe economic depression in Argentina. Perhaps the greatest evidence of global integration came in 2007, when a real estate bubble in the United States, supported by cheap access to credit, collapsed, leading to bank insolvencies around the world. The recession that followed, matched, if not exceeded, in severity the Great Depression of the 1930s.<sup>8</sup>

Even the United States, the chief beneficiary of the Open Door era, began to experience the risks of unregulated globalization. As originally formulated, the Open Door policy had been a policy of surpluses. Although often set in the rhetoric of universal development and global prosperity, the objective had been to find foreign markets for American manufactured goods while protecting the crucial revenues generated by the domestic tariff. Since the 1930s, such naked forms of mercantilism had ebbed, replaced by a free trade ideology that opened the United States' market to competition. Consequently, from the 1970s onwards many of the large-scale manufacturing industries that constituted the backbone of the American economy went into decline. Americans bought cheaper and better products from overseas. In economic terms, manufactured goods became increasingly "commoditized" – a television from China was barely distinguishable on grounds other than price from one made in the USA. The benefits of producing in the United States eroded. Wages and other costs were high, and American businesses moved to places that offered greater returns on investment. Many millions of Americans permanently lost their jobs. Although the United States still led the way in high-tech industries, weaponry, and in much of the service and entertainment sectors, the restoration of the United States

global political dominance was not matched by a return to economic surplus. Growth driven by consumption was made possible through the provision of cheap global credit, which led to large and growing public and private debts and prosperity for few corporate elite. In the words of Judith Stein, the United States traded “factories for finance.”<sup>9</sup> One might even argue that the United States won the Cold War not because capitalism innovated, but because Americans had better credit cards.

The historian of American labour and capitalism, Nelson Lichtenstein, has suggested that the economy of the early twenty-first century represents a form of “merchant capitalism” similar to the system that dominated in the late nineteenth century. Vast international supply chains give huge opportunities to those corporations, such as the retail megalith Wal-Mart, that are able to manage the global flow of manufactured goods, while providing only low-wage jobs for the many millions of people employed by them.<sup>10</sup>

The re-emergence of the Open Door in the late twentieth century did not proceed according to any kind of clear plan or design. As the historian Daniel Sergeant notes, “there is little historical evidence to suggest that American officials in the 1970s anticipated the transformative potential of globalization.”<sup>11</sup> There is even less evidence to suggest that their successors in the 1980s, 1990s, and 2000s had a clear plan for managing its effects. The US, like other nations, has struggled to develop an effective strategy to manage the decline of traditional industries or evade the discipline of the money markets.<sup>12</sup> The question therefore arises as to how long structural deficits can be sustained without some kind of reckoning.

As a result, throughout the post-Cold War period a steady chorus of opposition to globalization could be heard, never powerful enough to impede the process of economic liberalization, but politically significant all the same. The destruction of industrial jobs led to

rising protectionist sentiment in the Democratic Party, which for much of the century was the political home for free trade politics. Left-wing thinkers argued that global free trade deals not only contributed to inequality and wage stagnation, but also social decomposition, environmental degradation, and climate change. Union members and activists took to the streets to declare their opposition to the “Washington Consensus” model of global economic reform. Left-wing and populist suspicions were directed toward America’s corporate and political elites, widely seen to be transforming into a class of denationalized capitalists no longer representing the national interest. Radical opposition to the politics of free trade gained particular attention after violent protests at the 1999 WTO Conference in Seattle. However, protectionist sentiments also rose on the Right, targeting Democrats and Republican moderates. Populists like Pat Buchanan, who launched a failed bid for the Republican presidential nomination in 1992 and 1996, and ran independently for the presidency in 2000, opposed multiculturalism and free trade agreements like NAFTA. The maverick Texas billionaire Ross Perot also launched an independent populist run for the Presidency in 1992, calling for balancing the budget and more explicitly pursuing the national economic interest. Donald Trump’s 2016 campaign for the Republican presidential nomination follows the same trend, targeting immigrants as scapegoats for America’s economic decline. Buchanan told CNN, “Trump has raised the very issues I raised in the early 90s.”<sup>13</sup>

None of this is new, of course. Politicians, activists, and thinkers opposed “dollar diplomacy” at the beginning of the twentieth century, called for an “Open Door at Home” in the 1930s, and challenged Cold War containment policy in the 1950s. As the liberal mainstream fractured in the 1960s, protectionist sentiment grew even stronger. Still, undercurrents of nationalist concern returned with a vengeance in the last decades of the

twentieth century and the first decades of the twenty-first. Compared to the 1930s, these movements were weaker, and more easily ignored. Resistance to globalization has, so far, been futile. But whether that continues to be the case remains to be seen. Given its scope and scale, it seems unimaginable that the process of globalization can be entirely undone, although many believed the same thing at the beginning of the century, before the First World War destroyed geopolitical certainties. If the history of the Open Door teaches us anything, it is that predictions of a smooth transition to a future of free trade and national sovereignty are easy to make, but impossible to enforce. The Open Door world has always receded on the horizon, despite advocates' claims that it is just upon us. If the past is any indicator, the Open Door idea will continue to take on new forms and, in the decades to come, offer unpredictable new ways for the United States to pursue its longstanding objectives of equal access, global prosperity and order.

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<sup>1</sup> Francis Fukuyama, 'The End of History', *National Interest* (Summer 1989).

<sup>2</sup> Frieden, *Global Capitalism*, 409.

<sup>3</sup> George H. W. Bush, 'Address before a Joint Session of the Congress on the Persian Gulf Crisis and the Federal Budget Deficit', 11 September 1990 (<http://www.presidency.ucsb.edu/ws/?pid=18820>).

<sup>4</sup> Frieden, *Global Capitalism*, 391.

<sup>5</sup> Ibid., 381, 385.

<sup>6</sup> 'Market Watcher', *Wall Street Journal*, 25 February 1993.

<sup>7</sup> Frieden, *Global Capitalism*, 436.

<sup>8</sup> '1929 and All That', *The Economist*, 2 October 2008; Robert Lenzer, 'The 2008 Financial Collapse Was Worse Than 1929, Geithner Insists', *Forbes*, 22 June 2014.

<sup>9</sup> The subtitle of Stein's book, *Pivotal Decade*.

<sup>10</sup> Nelson Lichtenstein, 'The Return of Merchant Capitalism', *International Labor and Working-Class History* 81 (2012): 8-27. See also Nelson Lichtenstein, *The Retail Revolution: How Wal-Mart Created a Brave New World of Business* (New York: Henry Holt, 2009)

<sup>11</sup> Daniel J. Sargent, 'The United States and Globalization in the 1970s', in Niall Ferguson, et. al., eds. *The Shock of the Global: The 1970s in Perspective* (Cambridge, MA: Belknap, 2010), 58.

<sup>12</sup> For the most comprehensive left-wing economic account that seeks to explain the decline of industrial profitability, as well as its larger implications, see Robert Brenner, *The Economics of Global Turbulence: The Advanced Capitalist Economies from the Long Boom to Long Downturn, 1945-2005* (London: Verso, 2006).

<sup>13</sup> Pat Buchanan, 'Smerconish,' *CNN*, 9 January 2016.

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