

A Century Later

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Norman Graebner opens a major review of U.S. diplomatic history with the observation that “1898 was a turning point in the history of the Republic.” For a century, Americans had, as Thomas Bailey wrote in 1969, “concentrated on the task of felling trees and Indians and of rounding out their natural boundaries.” By the century’s end the U.S. had become by far the greatest economy in the world, though not yet a major actor in the international arena. The year 1898 indeed marked a turning point in that regard.

Ten years before, Secretary of State James Blaine had observed that “there are only three places that are of value enough to be taken. One is Hawaii. The others are Cuba and Puerto Rico.” Shortly after, the United States Minister informed Washington that “[t]he Hawaiian pear is now fully ripe and this is the golden hour for the United States to pluck it.” In July 1898, troops imposed martial law followed by formal annexation. Celebrating their victory over the indigenous population, a journal of the American planters proclaimed Hawaii to be “The First Outpost of a Greater America.”

Seventy years earlier, John Quincy Adams had described Cuba as a “ripe fruit” that would fall into U.S. hands once the British deterrent was removed. By 1898, Cubans had effectively won their war of liberation against Spain, threatening “more than colonial rule and traditional property relations,” historian Louis Perez notes, adding that “Cubans also endangered the United States’ aspiration to sovereignty.” Cuban independence had been “anathema to all North American policymakers since Thomas Jefferson.”

In 1898, McKinley averted the disaster by invading Cuba, a war, Perez states, “ostensibly against Spain, but in fact against Cubans” — the Spanish-American war in standard doctrine. Historians Ernest May and Philip Zelikow, in *The Kennedy Tapes*, remark that until 1959 Cuba remained “a virtual colony of the United States.” The fanaticism of the Cuba policies of successive administrations, starting with Eisenhower, cannot be understood without recognition of their historical depth.

Even before invading Cuba, McKinley had moved to liberate the Philippines — soon liberating hundreds of thousands of souls from life’s sorrows. The press of the time remarked that “slaughtering the natives in English fashion” would allow “the misguided creatures” who resist us to “respect our arms” and ultimately recognize that we wish them “liberty” and “happiness.”

A more sophisticated version was articulated by sociologist Franklin Henry Giddings, who argued that “if in later years, [the conquered people] see and admit that the disputed relation

was for the highest interest, it may be reasonably held that authority has been imposed with the consent of the governed.” This doctrine of “consent without consent,” has respectable origins in British moral philosophy and captures a good part of the operative content of “consent of the governed,” however obtained.

The third “place of value,” Puerto Rico, was taken over in 1898 as well, and also remained a “virtual colony,” though in different form than the others. Puerto Rican independence fighters were kept out of the capital city so that Spain’s surrender would be, unambiguously, to the new rulers. Puerto Rico was turned into a plantation for U.S. agribusiness, later an export platform for taxpayer-subsidized U.S. corporations, and the site of major U.S. military bases and petroleum refineries.

By regional standards, Puerto Rican per capita income is relatively high as a result of U.S. taxpayer subsidies. Nonetheless, 40% of the population had emigrated to U.S. urban slums by the mid-1980s, an indication of what would happen in the other virtual colonies if the U.S. were to accept the free circulation of labor, one of the foundations of free trade doctrine. As economist Richard Weisskoff described the process, “the U.S. public underwrites the Puerto Rican people, while U.S. corporations shift profits through their Puerto Rican plants and back to the United States, tax free,” leaving a “bankrupt, dismembered economy heavily dependent on welfare,” ridden with crime and drugs, and with dim prospects if Washington’s industrial policies shift.

The Caribbean and Pacific phases of the new colonial ventures were related. The ultimate goal was to ensure an isthmian route to the Pacific, which would be “converted ... to an American lake,” as explained by McKinley’s chief negotiator with Spain. Soon Panama was wrested from Colombia and the canal constructed. Similar U.S. interests motivated intervention in Nicaragua, the Roosevelt Corollary, Woodrow Wilson’s murderous invasions of Haiti and the Dominican Republic and other exploits too numerous to mention. In the background were concerns over recurrent economic crises, which convinced U.S. elites that access to raw materials and the export of overproduction were vital to the U.S. economy.

An important case was Wilson’s expulsion of Britain from Venezuela. In the years that followed, Washington supported brutal dictatorships while Venezuela made substantial contributions to corporate profits and the U.S. economy generally. In secret discussions with top planners during the Cuban missile crisis, the Kennedy brothers expressed their concern that Castro might use the missiles to deter U.S. military intervention in Venezuela. “The Bay of Pigs was really right,” JFK observed.

At that time, plans for a more successful invasion of Cuba were already on the agenda, and remained so. Washington made no pledge not to invade, public or private, during the Cuban Missile Crisis. After the crisis, Kennedy terror operations returned to the levels of 1962, when the administration had secretly determined that “final success” of terror and subversion “will require decisive U.S. military intervention.” The decision to overthrow the government of Cuba had been made formally in March 1960, and effectively only a few months after Cuba had lost its status as a “virtual colony” in January 1959.

World War II was another turning point. The war left the U.S. in a position of unprecedented global power, and U.S. planners intended to use this power to further dominant domestic interests. As explained by historian Gerald Haines, also senior historian of the CIA, “the United States assumed, out of self-interest, responsibility for the welfare of the world capitalist system.”

Concerns about overproduction and access to international resources gained new urgency. Each region of the world was assigned a place within the global economic system. Reconstruction

of the industrial societies was of primary concern, and traditional order was restored in those countries by reducing anti-fascist resistance and labor movements to a subordinate role. Africa was to be “exploited” for the reconstruction of Europe. The “major function” of Southeast Asia was to provide raw materials to the former colonial masters. The U.S. would take over Latin America and Middle East oil fields, though the British junior partner was to play a role in the Middle East which would slowly diminish over the years.

It was recognized that fulfilling the “responsibility” would not be easy. As Winston Churchill had secretly warned his cabinet during British global dominance, “our claim to be left in the unmolested enjoyment of vast and splendid possessions, mainly acquired by violence, largely maintained by force, often seems less reasonable to others than to us.” In George Kennan’s 1948 paraphrase, “We should cease to talk about vague and ... unreal objectives such as human rights, the raising of the living standards, and democratization,” and must “deal in straight power concepts,” not “hampered by idealistic slogans” about “altruism and world-benefaction.” “We should cease to talk” — apart from public rhetoric. Too intricate to review here is the record of aggression, terror, subversion, economic warfare and other crimes that followed, along with conflicts and alliances with other power centers, regularly engaged in their own atrocities.

The case of Cuba is again instructive. Arthur Schlesinger, reporting the conclusions of a Latin American study group to President Kennedy in early 1961, described the Cuban threat as “the spread of the Castro idea of taking matters into one’s own hands;” a serious problem, he elaborated, when “[t]he distribution of land and other forms of national wealth [in Latin America] greatly favors the propertied classes ... [and] ... The poor and underprivileged, stimulated by the example of the Cuban revolution, are now demanding opportunities for a decent living.” “Meanwhile, the Soviet Union hovers in the wings, flourishing large development loans and presenting itself as the model for achieving modernization in a single generation.” In public Schlesinger now describes the problem faced by Kennedy as Castro’s “troublemaking in the hemisphere” and “the Soviet connection.”

From the origins of the Cold War eighty years ago, such “troublemaking” and the “Soviet connection” were perceived in a similar light by Washington and London. High level U.S. planning documents identify the primary threat to their global plans as “nationalistic regimes” that are responsive to popular pressures for “immediate improvement in the low living standards of the masses.” These tendencies conflicted with the demand for “a political and economic climate conducive to private investment,” with adequate repatriation of profits and “protection of our raw materials.”

At a hemispheric conference in February 1945, the U.S. called for “An Economic Charter of the Americas” that would eliminate economic nationalism “in all its forms.” Officials recognized that it would be necessary to overcome the “philosophy of the New Nationalism [that] embraces policies designed to bring about a broader distribution of wealth and to raise the standard of living of the masses.” Latin Americans, the State Department warned, “are convinced that the first beneficiaries of the development of a country’s resources should be the people of that country.” Given power relations, the U.S. position prevailed — the first beneficiaries were to be U.S. investors and domestic elites. Latin America was to fulfill its service function without “excessive industrial development” that would encroach on U.S. interests.

The same principles can be observed in a long list of cases around the world. To mention one, they lie behind U.S. wars in Central America in the 1980s, when hundreds of thousands of people were killed and much of the region was destroyed. These wars were, in large part,

against the Church, which was guilty of adopting “the preferential option for the poor” and trying to help people “fighting for their most fundamental human rights,” in the words of Salvadoran Archbishop Oscar Romero calling on Washington to end its support for the military junta, which added him to the grim list a few days later.

It is symbolic that the terrible decade opened with the murder of an archbishop who had become “a voice for the voiceless” when his own priests were being murdered, and closed with the assassination of six leading Jesuit intellectuals by terrorist forces armed and trained by the victors of the crusade for democracy, who now sit in judgment over the crimes of others, basking in self-adulation. One should take careful note of the fact that the Archbishop and other leading Central American dissidents were doubly assassinated: both murdered and silenced. Their words, indeed their very existence, are scarcely known in the U.S. – unlike dissidents in enemy states, who are greatly honored. The way all of this is reconstructed within the doctrinal system is truly a marvel to behold.

Another instructive case is Haiti, once the richest colony in the world, now sinking into disaster. After Wilson’s war and two decades of Marine occupation, the ruined country was left in the hands of brutal military forces and dictators and ravaged still further by U.S. development programs. An unexpected victory for democracy in 1990 elicited Washington’s instant hostility and efforts to subvert the reformist regime. The military coup that followed was tacitly supported by the Bush and Clinton administrations, which not only undermined the Organization of American States’ (OAS) embargo and maintained contacts with the killers and torturers, but secretly authorized illegal shipments of oil to the coup leaders and their wealthy backers.

In 1994 “democracy was restored” with much fanfare. It was overlooked that the restoration was conditional on acceptance of the socioeconomic programs of the U.S.-backed candidate in the 1989 elections, who had received just 14% of the vote. State Department spokesperson Strobe Talbott assured Congress that after U.S. troops left Haiti, “we will remain in charge by means of USAID [United States Agency for International Development] and the private sector,” imposing “consent without consent” in the familiar fashion.

Contemporary U.S. policies toward Cuba provide further instruction. After the Cold War ended, and with a remarkably smooth doctrinal shift, the U.S. attack against Cuba intensified, especially the economic warfare. Terror operations also continued, including bombs targeting tourists in 1997. An intensive investigation by the *Miami Herald* (November 17, 1997) traced the bombings to Salvadoran criminals and ex-military elements directed and financed from El Salvador and Miami. Luis Posada Carriles, arguably the world champion in international terrorism, was described as a “key link” in the bombings. Posada Carriles’ career includes Reaganite operations in El Salvador aimed at Nicaragua after his escape from a Venezuelan prison, where he was implicated in the bombing of a Cuban commercial airliner in which 73 people were killed, and recent participation in military terror in Honduras. It is unnecessary to comment on what the reaction would be to comparable disclosures implicating an official enemy.

As the U.S. took control over Latin America in the 1940s, Brazil became a primary interest, recognized to be the potential “Colossus of the South.” Brazil was to be a “testing area for modern scientific methods of industrial development,” Haines wrote in 1989, describing the results as “a real American success story” that brought about “impressive economic growth based solidly on capitalism.” In the eyes of the business world, 1989 was “the golden year,” with profits tripling over 1988 while industrial wages, already among the lowest in the world, declined another 20%. The UN Report on Human Development ranked Brazil next to Albania. When economic disaster

began to hit the wealthy as well, the “modern scientific methods of development based solidly on capitalism” suddenly became proof of the evils of statism and socialism. Nonetheless, the success was real enough for those who count — U.S. investors, the wealthy elite and the military dictators nurtured by Washington.

One component of the postwar task was the design of an international economic order. Its goal was to liberalize trade, but not capital flow, which was to be regulated. There were two basic reasons for this decision. The first was the belief that liberalization of finance often interferes with free trade, then expected to benefit U.S. industry after 150 years of protectionism. The second was the recognition that free movement of capital would undermine the welfare state, which had enormous popular support, particularly in Europe. Without capital controls, governments would be unable to conduct fiscal and social policies for fear of capital flight to evade the costs. Not merely the social contract that had been won by bitter struggle, but even meaningful democracy, requires control on capital movements.

The system was dismantled by the Nixon administration — a major factor in the explosion of foreign exchange transactions in the years that followed. The composition of these transactions also changed radically. In 1970, 90% of transactions were related to the real economy (trade and long-term investment); by 1995, 95% were speculative, mostly very short term. The outcome generally confirms the expectations of postwar planners.

Led by the Reagan administration, there has been a serious attack on social support systems and an increase in protectionism and other market interventions. It was also predicted that financial liberalization would harm growth and income. This happened too. Growth rates have declined sharply. In the U.S., wages and income have stagnated or declined for the majority of the population. The top few percent have gained enormously. Britain has followed the same course, and similar, though less extreme, consequences extend to other OECD countries.

The effects have been far more dire in “developing countries.” A comparison of East Asia and Latin America is illuminating. Latin America, the “success story” for American capitalism, has the world’s worst record for inequality; East Asia ranks among the best. The same holds for education, health and general social welfare. Imports to Latin America have been skewed towards consumption for the rich; in East Asia, towards productive investment. Capital flight in Latin America approaches the scale of the crushing debt; in East Asia it was controlled. In Latin America, the wealthy are generally exempt from social obligations: a “subjection of the state to the rich,” as Brazilian economist Bresser Pereira pointed out. East Asia did differ significantly.

More recently, financial liberalization has spread to Asia. South Korea, the most important of the “Tigers,” reduced capital controls to qualify for entry into the OECD. That is widely regarded as a factor in the recent crisis in South Korea, as in the region generally, along with a range of market failures, corruption and structural problems.

In Third World countries that have not controlled their wealthy classes, the debt, which is growing rapidly despite huge interest payments, has created a stranglehold on social and economic development. Debt cancellation, not unprecedented historically, has been considered. When the U.S. took over Cuba it canceled Cuba’s debt to Spain on the grounds that it was an “odious debt,” with no standing because it had been forcibly imposed upon the Cuban people.

The same reasonable argument extends to the current Third World debt. Another option is the capitalist principle that those who borrow and lend are held responsible. The money was not borrowed by campesinos, workers, or slum dwellers; they gained little from it and often suffered grievously as a result. But they are held responsible for repayment — along with western

taxpayers — not the banks who made bad loans or the economic and military elites that enriched themselves while transferring their wealth to New York and London.

The debt is an ideological construct, not a simple economic fact. As understood long ago, free capital movements provide a powerful weapon against social justice and democracy. There is nothing inevitable about any of the developments that are reshaping the international order. They are not laws of nature or economics, but the results of decisions, which can be changed, made within human institutions that can be replaced by others that are more free and more just, as has often happened in the past.

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