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Notes on Foreign Trade and Dollar Diplomacy, January 2, 1912

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Turning to the work of the last year or so the Assistant Secretary said, "'Dollar Diplomacy' has come to stay. It is bound to stay because it is a good thing and those who invented the phrase, intending it as a sneer at certain projects, will be like 'those who came to scoff and remained to pray'. It is encouraging to notice the rapid realization that the Government equally welcomes and supports the investment of American capital from whatever sources along lines of useful policies for which capital is often necessary. It is a great help to our diplomacy that capital is at last available for such purposes. The use of capital by diplomacy is not only a means of developing and building great future opportunities by which thousands of our business men will profit, but is also a means of contributing, at the same time, to the prosperity of the foreign country affected, as in the case of the Nicaragua and Honduras conventions.
Asked for some comment on the work of the Department of State and the Foreign Service during the year just closed Mr. Huntington Wilson said, "I have a feeling that a great deal has been accomplished and that in regard to almost every concrete proposition it is now up to the public opinion of the country through Congress to see things through. After nearly fifteen years in the foreign service, both in the foreign field and at the home end, I am sure I look at these things just as any craftsman would look at work in the line of his own trade and I do not mind saying that I think more has been done in the last three years to give us a real foreign office and an efficient foreign service, to vitalize and coordinate our foreign policies and practically to promote American foreign trade, than it had ever been done in any preceding decade. This is because Congress gave Secretary Knox the means to organize an up-to-date foreign office and because the merit system has been so strictly applied to the foreign service. 

Pieces of work of the last year, which are now finished so far as the State Department is concerned and the success or failure of which has now passed beyond its power, are, for example, the arbitration treaties with France and with Great Britain; the Nicaragua and Honduras conventions (all four pending before the Senate); the project for perpetuating the merit system in the foreign service; the prayer for assistance to our merchant marine; a measure to encourage our banks to establish foreign branches; the suggestion of legislative sanction to a semi-official national board of trade, and a flexible tariff including the power to tax goods now on the free list in order to give the Department something to negotiate with in its dealings with foreign countries. These last five were all recommended in the President's message so that this makes nine important matters which the Department of State regards as of vital interest to our foreign policies and our commercial expansion, the disposition of all of which is up to the public opinion of the country.
In regard to these and kindred matters the Department of State is always glad to give information and I earnestly hope that the press of the country will assist during the coming year in getting before the business men of the country the necessities which are at the foundation of the ability of the State Department and the Foreign Service to be useful to them."

Asked whether he expected the ratification of the Nicaragua and Honduras conventions Mr. Huntington Wilson said, "I can hardly doubt it. The rejection of the Nicaragua convention would really be a sad tragedy for Nicaragua and the rejection of a common sense policy like that of the Nicaragua and Honduras conventions would make our diplomacy in the zone of the Caribbean almost hopeless. To reject such a policy, while adhering to the Munroe Doctrine, would be like granting the premises of a proposition and stoutly rejecting the conclusion. About those conventions, many people do not seem to understand that they are absolutely separate from any particular banking contracts. The conventions might be ratified here and in both countries and still no banker's contract could ever come under their protection unless and until such banker's contract had been approved on its own merits by all the governments concerned. Nicaragua has ratified and now has five Americans down there employed in straightening out its financial affairs. If that convention fails up here this brave beginning must come to nothing and Nicaragua and all the men who are trying to lift it up must fall back into the slough of financial hopelessness and consequent revolution and bloodshed. These conventions are works of peace directed to stop actual bloodshed, not warding off hypothetical war. As to the material side, resolutions of chambers of commerce and communications from business men everywhere, who have any interest in our potentially great commerce with Central America, show that American commercial interests realize how important the conventions are as opening the way to a flourishing trade."
The Assistant Secretary was next asked what he thought could be done to enlarge foreign markets and expand American foreign trade. He said, "Well, on the side of the government, of course, the diplomatic service, so far from being a pink-tea and gold lace affair, exists not only to guard our international political position but preeminently it is the duty of that branch of the foreign service and of the Department itself to create and maintain conditions of favorable opportunity and open markets throughout the world. The foundation of the government's usefulness to American foreign trade must be first, a highly specialized department with a personnel recruited to a considerable extent from men experienced in the foreign service; second, a professional foreign service recruited and maintained, as at present, on the merit system. With these instrumentalities it is the axiom of the Department to spare no effort to promote in all proper ways every legitimate American enterprise abroad. To this is added, of course, the work of communicating commercial opportunities, safeguarding American products from adverse tariff or other treatment in foreign countries, promulgating the perennial good advice, alas almost always unheeded, as to better packing, the need of sending trained salesmen instead of dry catalogs in an unknown tongue, the need of more favorable terms of payment, etc.

During the present administration there have been more Southerners and Democrats put into the consular service than there to have been Republicans and the grades of secretaries of Embassy and legation more appointments in proportion to population have been given to non-republicans than to republican states. I merely mention this to show that in foreign service appointments the administration has been, so to speak, more than non-partisan. With this record and with the business men of the whole country behind a merit system for the foreign service it seems to me that the time is propitious...
propitious for legislation to perpetuate a good system, and I may mention that the mode of legislation now recommended to Congress is the first that has ever been proposed which is free from constitutional objection. Former bills have tried to tie the hands of the appointing power. The present plan merely makes mandatory the examinations, the keeping of the efficiency records and the reports to the President of persons who ought to be appointed or promoted, stopping there in the belief that such a moral mandate would once for all lay to rest the idea of an amateur foreign service based on the spoils system. If we were going to go back we might as well give up having any diplomacy or trying to have any foreign trade."

Mr. Huntington Wilson said that he thought a semi-official board of trade would go far to galvanize and concentrate the efforts of our manufacturers to take hold of the foreign market more vigorously. On this point he said, "For purposes of foreign competition our financial, industrial, and commercial interests should be like a great triangle with the broadest possible base of equal opportunity at home to enter the foreign trade, but with a united apex as sharp as a razor and with the whole power of the nation behind it to present in the foreign field. Incoherent and sporadic efforts will never take us anywhere in foreign commerce when our competitors are so highly organized. I think one of the best possible things for our foreign trade would be to have, in conjunction perhaps with a school of diplomacy or a foreign service school, a school where young men would be taught international banking, international commerce, and foreign languages. Such a school, it may be hoped, would turn out a large number of young men, some for the foreign service and the rest prepared to go to Latin America, to Asia, and everywhere to represent groups of manufacturers in one or another line of goods. Such agents would make a career of this work and backed by a number of firms they could have good pay and sufficient expenses for entertainment and so on. In short, they could be the efficient drummers.
drummers of our foreign trade and something very different from an English catalog in a Portuguese-speaking country. The same type of young man could find an excellent career in the American banks now in the Far East and soon, it is hoped, to spring up in Latin America.

'You can lead a horse to water but you can't make him drink.' It seems a strange situation but in this country I think the government is really in advance of the business men in the work of expanding our foreign trade. The government can only do so much, the business men must go in for foreign trade more seriously and by the combination of firms must make it worth while for able men to cover the foreign field as their agents.