This essay offers a new reading of the transition from the “uncertainty” and “improvisation” typical of late nineteenth-century U.S. foreign policy to the executive-driven, interventionist strategies of the early twentieth century. As Emily Rosenberg has persuasively argued, one key event in that transition occurred in 1905 with Theodore Roosevelt’s creation of a customs receivership in the Dominican Republic. The Dominican intervention became the model for the new century’s Dollar Diplomacy, based on a complex vision of the way that American policy-makers, working in harness with powerful bankers and economic experts, could remake tropical societies. Roosevelt’s corollary to the Monroe Doctrine, an interventionist manifesto, provided a rationale for the new policy.
Historians have identified many factors in the development of the aggressive foreign policies of the early twentieth century. These include the creation of a world-class navy after 1890, the growing importance of New York as a world financial center, the desire to end social conflict at home through trade expansion abroad, and the emergence of the United States as a colonial empire after the Spanish-Cuban-American War of 1898. To these underlying factors can be added several world events that encouraged Roosevelt, whose vigorous leader-
ship style is almost palpable in Figure 1, to treat the Dominican crisis as a chance to project the United States as a Great Power, ready and able to solve disputes in the western hemisphere. Those events include the redeployment of the Royal Navy away from Latin America, the prospect of heightened imperial rivalry in Asia with Japan’s likely victory in the Russo-Japanese War, and sharpened hostility among Britain, France, and Germany in North Africa and elsewhere. Finally, there were the trigger incidents that Roosevelt cited to justify the intervention, above all the threat of European intervention in the Dominican Republic and the chaotic political and economic conditions that kept the Caribbean republic from paying its foreign debt.

With so many factors vying to explain it, the Dominican intervention might well seem sufficiently overdetermined to rest undisturbed for another century. Yet one important element in shaping Roosevelt’s intervention has been almost entirely neglected for a hundred years. The sophisticated, statist policy that would shortly be known as Dollar Diplomacy emerged, after a long and painful gestation, from Roosevelt’s determined rejection of earlier U.S. policy in the Dominican Republic. From the early 1890s on, but especially from 1901 to 1904, Washington had deployed diplomatic and naval power to back the claims of a private U.S. corporation in that country. Disengaging himself from the company’s powerful and articulate lobbyists in Washington, Roosevelt groped toward a new strategy to coordinate U.S. foreign-policy goals and private economic activity abroad. In the process, he pulled U.S. policy out of the Gilded Age and pushed it into the Progressive Era.

The elusive element that influenced Roosevelt’s invention of a new policy was a New York company that had taken over the Dominican Republic’s finances in 1893. Roosevelt was well acquainted with the company and its special interests. Indeed, in his long message to the Senate accompanying the protocol establishing the Dominican customs receivership in mid-February 1905, Roosevelt condemned conditions in the Dominican Republic that “not only constitute a menace to our relations with other foreign nations” but also

---

3. In January 1905, the Russo-Japanese war took a decisive turn when Port Arthur fell, foreshadowing Japanese victory and raising the specter of Great Power contention in the Far East. Kaiser Wilhelm II’s attempts to construct an anti-British league led to a surge of anti-German feeling in Britain that peaked at the end of 1904. Relations between Germany and France were also tense, even before the Moroccan crisis that began in March 1905. Roosevelt’s personal role in settling the Russo-Japanese conflict and defusing the German-French confrontation suggest that these sources of Great Power friction were not far from his mind. A final development in January 1905 was the announcement by Britain’s new First Sea Lord of a naval redeployment removing most British ships from Latin-American waters. On British naval reductions, see Warren Kneer, *Great Britain and the Caribbean, 1901–1913* (Ann Arbor, MI, 1975), 100. For German attempts to create an anti-British league, see Raymond A. Esthus, *Theodore Roosevelt and the International Rivalries* (Walhamp, MA, 1970), 43–48. Roosevelt’s role in the Russo-Japanese peace talks and in the French-German conflict is discussed in Lewis L. Gould, *The Presidency of Theodore Roosevelt* (Lawrence, KS, 1991), 179–95.

“concern the prosperity of the people of the island, as well as the security of American interests.” The interests in question were those of the euphemistically named San Domingo Improvement Company (SDIC).

Although few Americans had heard of the company before 1905, the SDIC had long looked to the U.S. government to protect its business in the Caribbean. From the time of the company’s organization in the early 1890s, the SDIC enjoyed close political ties in Washington. A group of New York politician-capitalists created the company in May 1892 to buy the foreign debt of the Dominican Republic from a Dutch firm. At that time, President Benjamin Harrison and Secretary of State James G. Blaine met with the company’s organizers to encourage their project. Those officials hoped that the Dominican debt “would be brought into the control of Americans” along with control of the Dominican custom houses, already pledged as security for the earlier loans, because “they regarded the possession of the custom houses of San Domingo by Europeans . . . as dangerous to American interests and policies.”

During the 1890s, the Improvement Company worked closely with Dominican president Ulises Heureaux to float bonds in European capital markets. Although Heureaux and the SDIC often spoke the language of modernization, their collaboration increased the nation’s debt tenfold. Some of the money went to build a thirty-seven-mile railroad that promoted the export of cacao, tobacco, and coffee. Heureaux used the lion’s share of the proceeds, however, to stay in office by bribing political rivals and underwriting military campaigns against his more militant opponents. The SDIC made interest payments on the bonds using money generated by high import tariffs on basic goods, such as clothing and food. In 1897, the SDIC defaulted on interest payments to European bondholders, and the Dominican economy began a downward spiral made worse by

5. Roosevelt, Presidential Addresses, 247.
6. Throughout, both “Improvement Company” and “SDIC” will refer not only to the San Domingo Improvement Company but also to the San Domingo Finance Company and the Company of the Central Dominican Railway. The three companies had identical officers and maintained offices at the same address in lower Manhattan.
7. John T. Abbott to Jacob Hollander, 20 September 1905, Box 1, Jacob H. Hollander Papers, U.S. National Archives, (hereafter JHH), Washington, D.C. Although the SDIC was a New Jersey corporation, nearly all of the capital raised by the company was European, mainly British, Belgian, and French. No Dominican bonds were sold in the New York capital market.
8. In his letters to the SDIC, Heureaux often spoke of achieving progress by developing export agriculture. Heureaux to Smith M. Weed, 2 June 1894, Presidencia de la República, Copiadores de Ulises Heureaux, tomo 41, Archivo General de la Nación, Santo Domingo (hereafter Archivo General de la Nación). The Improvement Company made efforts to modernize the economy—for example, by bringing University of Chicago economist J. Laurence Laughlin to the republic in 1894 to implement the gold standard as a way to promote exports. Laughlin, “Gold and Silver in Santo Domingo,” Journal of Political Economy 2 (December 1893–September 1894): 536–60.
9. On Heureaux’s misuse of loans, see Jaime Domínguez, La Dictadura de Heureaux (The Dictatorship of Heureaux) (Santo Domingo, 1986), 74, 223, 226–28. The same author discusses the regressive nature of state fundraising in La Sociedad Dominicana a principios del Siglo XX (Dominican Society at the Beginning of the Twentieth Century) (Santo Domingo, 1994), 183–85.
Heureaux's reckless emission of paper money. The economic disaster fed resentment of Heureaux and the SDIC among both elite and ordinary Dominicans. Heureaux's assassination in 1899 released this long-suppressed hostility and led to the company's expulsion from the custom houses in January 1901. For two years after being harried from the Dominican custom houses, the company sought to sell its holdings to the Dominican government. The negotiations failed, and in the meantime, a bloc of European bondholders repudiated the SDIC as their representative, a rupture that laid the groundwork for the international conflict that would come to a head in 1904.

Despite occasional displays of saber-rattling on the company's behalf in the 1890s, the United States largely ignored both the SDIC and the Dominican Republic for as long as the company held that nation's fiscal reins. The State Department was evidently satisfied that American financial control preempted European designs on the republic. With the SDIC's ouster, however, the Dominican Republic was once again in play, and the United States showed its concern by pressing the Dominicans to reach a settlement with the company. In 1902, the State Department demanded that the Dominican Republic submit the SDIC claim to arbitration, and subsequently took upon itself presentation of the company's case to an arbitration tribunal of two Americans and one Dominican. Despite the trappings of disinterestedness, both American arbitrators were known to be friendly to the Improvement Company.

10. I discuss the relationship between Heureaux, the SDIC, and Washington in detail in A World Safe for Capitalism: Dollar Diplomacy and America's Rise to Global Power (New York, 2002). General discussion of the period can be found in Domínguez, Dictadura de Heureaux; Mu-Kien A. Sang, Ulises Heureaux: Biografía de un Dictador (Ulises Heureaux: Biography of a Dictator) (Santo Domingo, 1989); Roberto Cassá, Historia Social y Económica de la República Dominicana (Social and Economic History of the Dominican Republic), tomo 2 (Santo Domingo, 1992); and Frank Moya Pons, Manual de Historia Dominicana (Manual of Dominican History) (Santo Domingo, 1984).

11. The French and Belgian holders of Dominican bonds negotiated a settlement secured by revenues from two Dominican customs houses, an arrangement that potentially conflicted with the SDIC contracts guaranteed by the income from all the country's ports. See William H. Wynne, State Insolvency and Foreign Bondholders (New Haven, CT, 1951), 2:228–29.

12. To the extent that SDIC control of Dominican finances represented the “privatization” of U.S. policy toward that republic, military intervention defeated the arrangement's purpose. The United States did intervene on behalf of the SDIC when an 1895 dispute between the French-owned Dominican National Bank and Heureaux led France to dispatch a warship to Santo Domingo. The United States applied diplomatic pressure in Paris and did France one better by sending two American men-of-war to Hispaniola. The SDIC thanked the Secretary of State for “the manner in which you have treated us and defended the rights of our company—an American company, and composed of American citizens.” See Papers Relating to the Foreign Relations of the United States, 1895 Part I (Washington, DC, 1896), 235–43, 397–402 (hereafter FRUS, followed by appropriate year).


To present the SDIC’s case to the arbitrators, the State Department selected John Bassett Moore. A renowned expert in international law, Moore boasted years of loyal service to the State Department. While in his mid-twenties, Moore had joined the State Department as a clerk in Alvey Adee’s Diplomatic Bureau. In 1886, Moore became third assistant secretary, a post he held until 1891, when he accepted a newly created professorship in law and diplomacy at Columbia University. Moore retained contacts in the State Department and pursued his interest in international relations, especially the peaceful resolution of interstate conflicts. Over the next fifteen years, Moore produced two vast studies that became standard works in international law: the six-volume *History and Digest of International Arbitrations* in 1898, and the eight-volume *Digest of International Law* in 1906.

Moore moved easily between academic and public service, consulting with secretaries of state Walter Q. Gresham, John Sherman, and William Rufus Day before rejoining the department as assistant secretary of state in 1898. In this capacity, Moore played a crucial role during the Spanish-Cuban-American War, and is credited with writing the peace treaty with Spain that transferred control of Puerto Rico, Guam, and the Philippines to the United States. During negotiations with Colombia about building an isthmian canal in 1903, Moore—once again a private citizen—prepared a memorandum asserting that the Bidlack Treaty of 1846 gave the United States the right to construct the canal without obtaining any further approval from Colombia. Moore visited Roosevelt at his home in Oyster Bay to discuss the implications of this legal opinion. Through these official and semiofficial duties, Moore became well known to the State Department as well as to Roosevelt, who in 1905 wrote that Moore was “as high minded a public servant, in or out of office, as I have ever met.” Indeed, Moore would be an important if uncelebrated “servant of power” from the 1890s through the 1930s.

Moore’s qualifications for handling the 1904 arbitration went beyond his expertise in international law and his close ties to the State Department. Since 1901, Moore had also been on the SDIC’s payroll as its legal counsel. Given

---


15. *History and Digest of the International Arbitrations to Which the United States Has Been a Party* (Washington, DC, 1898); *Digest of International Law* (Washington, DC, 1906).


17. Theodore Roosevelt to Jacob Hollander, quoted in memo, 30 March 1905, John Bassett Moore Papers (hereafter JBM Papers), Columbia University School of Law Special Collections (hereafter CUSOL), New York, NY.


19. Moore’s correspondence with the Improvement Company before 1903 does not survive, but later letters make reference to his representation of the company as of 1901. See Memorandum of Agreement, November 1904, JBM Papers, CUSOL.
that the SDIC’s directors were themselves lawyers with international experience, it is likely they hired Moore as much for his contacts in Washington as for his expertise in international law. As attorney for the SDIC, Moore sought executive-branch support for the company’s campaign to wrest money from the Dominican Republic. For over a year, during 1903–04, Moore was at once the paid counsel of the SDIC and the State Department’s attorney in the arbitration proceeding on behalf of the same company. That this dual role amounted to a conflict of interest Moore frankly acknowledged to SDIC officials. “The Department of State will bear out my statement,” he wrote, “. . . that they think it undesirable to permit attorneyship for claimants and representation of the Government to be united in the same person, and that they extended special consideration to me in that regard, because of their confidence that I would not abuse their trust.”

The State Department’s willingness to allow Moore to act in a dual capacity suggests that Washington saw the interests of the SDIC and the United States as close enough to permit the same person to represent both.

On 14 July 1904, the arbitrators ruled in favor of the SDIC, setting up a schedule of payments by the Dominican government and providing that in the likely event of default, the U.S. government would appoint a financial agent to collect moneys on the SDIC’s behalf. This agent was empowered to take over the collection of customs revenues at up to four of the country’s northern ports. Moore had succeeded in winning a strong show of U.S. government support for the private claim of the SDIC. In Santo Domingo, the tribunal’s decision was greeted as an unalloyed disaster. President Carlos Morales Languasco, shown in Figure 2, called it “the most serious problem that the Republic has experienced since its foundation.” Within weeks of the ruling, the Dominican minister of finance asserted the “impossibility economically” of “discharging the obligation.”

Moore’s blending of public and private functions did not end with the arbitrator’s ruling. Although he had no official status at Foggy Bottom, Moore put his extensive contacts at the State Department at the service of the SDIC. The company was anxious that the U.S. financial agent, whose appointment seemed inevitable given the state of Dominican finances, be someone friendly to the company. To that end, the company asked Moore to arrange the appointment of SDIC employee John T. Abbott as financial agent. SDIC president Smith M.

---

20. Moore to Charles W. Wells, 7 September 1904, JBM Papers, CUSOL.
21. The tribunal did not rule on the amount the Dominican Republic owed the SDIC, since the figure of $4.5 million had been agreed upon earlier, nor did it address the issue of European claims that had been secured with the same revenue as the SDIC award. The text of the arbitral award appears in *FRUS, 1904* (Washington, DC, 1905), 274–79. On the tribunal’s failure to consider European protocols, see Collin, *Roosevelt’s Caribbean*, 404.
22. Juan Francisco Sánchez to Manuel de J. Galván, 2 August 1904, JBM Papers; Carlos Morales to Emilio Joubert, 22 November 1904, tomo 11, Presidencia de la República, Copiadores de Carlos Morales Languasco, Archivo General de la Nación Santo Domingo, Dominican Republic.
Weed claimed that Abbott had the full confidence of the company and was “persona grata” to all Dominican officials.  

Moore made the company’s case for Abbott in a letter to Secretary of State Hay. “As the substantial financial interest in the award is held by the American

23. In fact, Abbott was well known and widely despised by the Dominicans. In the final negotiations for creation of the American customs receivership in January 1905, one of the few points the Dominicans insisted on was that Abbott not be appointed collector. See Thomas C. Dawson to the Secretary of State, 2 January 1905 and 13 February 1905, in FRUS, 1905 (Washington, DC, 1906), 298–300, 326–333.
Companies,” Moore wrote, “. . . the Financial Agent should be a person who . . . enjoys, as Judge Abbott does, the Companies’ entire confidence.” Lest Abbott seem to be entirely a creature of the company, however, Moore added an assurance that he, in turn, had received from the SDIC: “Should he be appointed Financial Agent, he will, as I am advised, at once resign all connection with them [the SDIC and its sister companies].” 24 Within a week, assistant secretary J. B. Loomis informed Moore “that the President approves the appointment of the Hon. John T. Abbott as financial agent.” 25 Contrary to the assurance Moore had given to Hay, however, Abbott did not give up his work for the SDIC. Throughout his tenure as U.S. agent, Abbott continued to work for the American company, a fact of which Moore was well aware and which the State Department had good reason to know. 26 Like Moore, Abbott had taken on a public charge while drawing a salary from the private company most interested in his execution of that office.

On the surface, the arbitral award seemed to secure the position of the SDIC among the creditors of the Dominican Republic. But Moore soon found that a host of problems followed in its train. Foremost among them was the Dominican government’s refusal to recognize the award. 27 Morales contended that arbitrators had gone beyond their legitimate powers to wound Dominican sovereignty. “It is a principle universally recognized by statesmen,” Morales declared, “that states cannot declare themselves incapable of continuing to exist independently. . . . Yet without economic autonomy, political autonomy is impossible. Without full control of our resources, national independence is fictitious. That is the basis of our protest.” 28

When, in September 1904, the Caribbean republic failed to make the first payment due to the SDIC, the State Department pressed Morales to accept the award and allow Abbott to take charge of the customs house at Puerto Plata, the main seaport on the country’s north coast. In early October, U.S. Minister Thomas C. Dawson wired Washington that the Dominican government refused

---

24. John Bassett Moore to the Secretary of State, handwritten draft, 18 July 1904, JBM Papers, CUSOL.
26. In September 1904, Thomas C. Dawson forwarded to Secretary of State Hay copies of two letters from U.S. financial agent Abbott, noting that he had discussed several issues with Abbott “in his private capacity as representative of the improvement company.” FRUS, 1904 (Washington, DC, 1905), 281.
27. The Morales government objected to the award on the legal grounds that the arbitral tribunal had exceeded its powers and violated the Dominican constitution by the terms of its award. Moore refuted the objections point by point in a memo to Hay dated 7 January 1905, JBM Papers, CUSOL.
28. Carlos Morales Languasco to Emilio C. Joubert, 30 September 1904, Presidencia de la República, Copiadores de Carlos Morales Languasco, tomo 19, Archivo General de la Nación, Santo Domingo, Dominican Republic; translation by author.
to cede Puerto Plata unless the SDIC promised the government a larger share of the customs revenue—in effect, throwing out the tribunal’s decision.

Moore was at the State Department when Dawson’s cable conveying the Dominican demand was deciphered. With both Loomis and Hay absent, Moore and two minor officials swiftly “agreed on a reply to Dawson and immediately on Mr. Hay’s reaching the Department . . . I laid it before him. He signed it without hesitation.” The cable read in part: “This Government must insist on recognition of award . . . United States cannot undertake to review and undo arbitrators’ unanimous decision.” A week later the Dominican government recognized the award, and Abbott’s agent took control of the Puerto Plata customs house on 20 October 1904. Moore’s dispatch of a virtual ultimatum had achieved the end sought by the SDIC and the State Department. After reading the cable, SDIC vice president Charles W. Wells praised Moore’s timely intervention on behalf of the company. “The cable of Mr. Hay is admirable—terse & exactly what we want—it is your style—Good!” The Improvement Company now spoke in the voice of the Secretary of State.

The Dominican government had now accepted the SDIC award, but the arrangement soon faced attack on a second front. European governments initially applauded the appointment of an American financial agent, hoping the step promised more active U.S. support for all creditors of the Caribbean republic. When duties from Puerto Plata began flowing to the SDIC, however, it became clear that the arrangement boded ill for other creditors. Whatever the legal niceties, there simply was not enough money to go around. By November 1904, several European foreign ministries were complaining vigorously that the sums being collected by the U.S. agent for the SDIC made it impossible for the Dominican government to pay its other creditors. Aware of these protests, Moore insisted that the SDIC settlement should not prevent payment of the Europeans. Moore told Secretary Hay that if the Dominican government’s expenditures “are to be confined to its legitimate and economical requirements . . . then the revenues, if honestly and efficiently collected, will under the existing tariff be ample for the payment of all just debts of the

_____

29. John Bassett Moore to Charles W. Wells, 4 October 1904, JBM Papers, CUSOL.
30. Undated telegram in John Bassett Moore Papers, pinned to 3 October 1904 telegram from Dawson to Secretary of State. A paraphrase of the telegram appears in FRUS, 1904 (Washington, DC, 1905), 283.
31. John Bassett Moore to F. Van Dyne, 14 October 1904, JBM Papers, CUSOL.
32. Charles W. Wells to John Bassett Moore, 5 October 1904, JBM Papers, CUSOL.
33. After meeting with several European consuls in September, Dawson told Washington that “[I]t looks to me as if the representatives of all the foreign creditors, with the possible exception of the Spaniard, are really anxious that the United States shall put the Award in execution.” Thomas C. Dawson to John Hay, no. 47, 3 October 1904, Notes from the Dominican Legation to the State Department, United States National Archives, Washington, DC. For European reaction, see Dana G. Munro, Intervention and Dollar Diplomacy in the Caribbean, 1900–1921 (Princeton, NJ, 1964), 97.
Republic and especially of those of an international character.” Moore’s condition-laden statement evidently persuaded Hay. In detailed instructions to Dawson on the official U.S. attitude toward the SDIC award, the Secretary of State simply restated Moore’s arguments.

Even as Moore maintained that the Dominicans could pay all their creditors, the State Department was getting a different message from the American minister in Santo Domingo. Dawson urged Morales to comply with the letter of the SDIC award but admitted that the “practical effect” might be to end payments to the Europeans “by reducing the amount which the Dominican government would freely dispose of.” Dawson’s pragmatism convinced the SDIC that he had gone soft on the Dominicans. “The trouble with Dawson is that he is good natured and not sufficiently on his guard against the wiles of the crafty Dominican politicians,” Wells wrote Moore in early October. Wells especially objected to Dawson’s declaration “that he is much opposed to the use of force by the United States to execute the Award.” The refusal to threaten the Dominicans with U.S. intervention, Wells believed, created a situation in which “nothing but force, and strong force will accomplish results which otherwise might be accomplished by firmness simply.” To the company, the threat of U.S. intervention was the only real guarantee that the Dominican government would pay its debts.

Despite Dawson’s qualms, the State Department stood by Moore and the SDIC through the fall of 1904, insisting that the company’s award must be paid in full. In light of the developing impasse between American and European creditors, Moore’s insistence on the viability of the SDIC award had important consequences. By convincing the State Department not to suspend or even review the award to the SDIC—indeed, by orchestrating State Department

35. In mid-September, the State Department asked Moore to comment on how the SDIC award would affect several European claims against the Dominican Republic. Since Moore himself had presented the government’s case to the arbitral board, he maintained that all European claims had been fully considered and upheld the legality and viability of the SDIC award. John Bassett Moore to Secretary of State, 1 October 1904, JBM Papers, CUSOL.

36. Collin observes that “Hay particularly took the high road . . . indicating that the arbitral tribunal had considered all claims before making its independent finding.” Collin, Roosevelt’s Caribbean, 405. But Hay was simply paraphrasing Moore’s letter of 1 October 1904, JBM Papers, CUSOL.

37. Thomas C. Dawson to John Hay, no. 47, 3 October 1904, Notes from the Dominican Legation to the State Department, United States National Archives, Washington, DC.

38. Charles W. Wells to John Bassett Moore, 6 October 1904, JBM Papers, CUSOL. With typical moderation, Moore was unwilling to criticize the U.S. minister: “Of course I have no wish to defend Dawson against anything that he has done out of the way, but I do not feel at all sure that I know what he has done.” Moore to Charles W. Wells, 7 October 1904, JBM Papers, CUSOL.

39. Moore’s appraisal was based on an unrealistic view of the situation in the country. The cost of putting down revolutions forced Morales to seek short-term loans from local merchants at high interest rates. The logic of political survival demanded that these local loans be paid back before any money was sent abroad to service the foreign debt. In August, Morales complained of the “disastrous state” of the treasury and took steps to cut government expenditures. But in mid-December, the situation was still “desperate.” Morales to Federico Velásquez,
support for the award—Moore helped perpetuate the standoff among creditors that would shortly prompt Roosevelt to intervene directly in the Dominican Republic.\footnote{Collin notes that “Hay’s instructions and Dawson’s negotiations with the troubled Dominicans always almost always cited the higher authority of the sacred arbitration commission as the source of Dominican discontent, averring that the Americans could not change an independent legal decision even if they wanted to, an argument that offended everyone and convinced no one.” This position, which inflamed European creditors and their governments, was not simply a strategic decision rationally made at Foggy Bottom, but the fruit of persistent pressure by the SDIC in the person of John Bassett Moore. Collin, Roosevelt’s Caribbean, 404.}

Moore’s advocacy of SDIC interests went beyond urging the State Department to support the arbitral award. In late October, Morales agreed to allow the American financial agent to collect customs at three other northern ports.\footnote{Turning the ports of Monte Cristy, Sánchez, and Samaná over to the American agent was a way for Morales to keep the customs revenue from falling into the hands of his political rivals, who dominated the northern region.} Fearing a popular uprising when the American agents arrived, Moore wired the State Department about “unsettled conditions” in the northern part of the island. Secretary Hay responded by promptly calling for a display of naval support.\footnote{John Hay to John Bassett Moore, 1 November 1904, JBM Papers, CUSOL.} The Secretary of the Navy notified Hay that “[I]n reply to your request . . . for a vessel to be sent to Puerto Plata, pending the existence of unsteady conditions there as reported by Professor John Bassett Moore, I have to inform you that the Commanding Officer of the ‘BANCROFT’ has been ordered to proceed from San Juan to Puerto Plata.”\footnote{Paul Morton to Secretary of State, 29 October 1904, JBM Papers, CUSOL.} Moore was not satisfied, however, with having a naval vessel dispatched to Dominican waters: he wanted Abbott himself to arrive in the Dominican Republic aboard a warship. On 3 November, Moore took the issue up with Roosevelt himself. As he later explained to Loomis, “[T]he President desired me to tell you that he considered it proper, when the Dominican Government should proceed to install the United States financial agent in the collection of the duties at the other three ports, to give it the moral support of the presence of an American man of war.”\footnote{John Bassett Moore to F. B. Loomis, 4 November 1904, JBM Papers, CUSOL. In fact, when Abbott was ready to take possession of Monte Christy in late November, Loomis refused to request a warship to convey him. Moore reminded Loomis that Abbott had discussed the question of a warship with Roosevelt, who agreed that a ship’s “moral support” would be helpful. Moore insisted that Abbott was “a discreet man” who did not have in mind “anything antagonistic to the wishes of the Dominican Government.” Moore to F. B. Loomis, 21 November 1904, JBM Papers, CUSOL.} The fusion of the SDIC’s private interests with the power of the American state seemed complete.

Busy as the roiling Dominican situation must have kept him in November 1904, Moore (Figure 3) found time to prepare a new contract with the Improve-
ment Company. In the agreement, the SDIC promised to pay Moore handsomely “for past services in representing before the Department of State the San Domingo Improvement Company” and committed Moore to perform “any such services as may be necessary in the case within three and a half years after the first payment made by the Dominican Government.” As the Dominican situation became a full-blown crisis, with Moore assuming the role of expert advisor to Roosevelt, he had just renewed his commitments to the SDIC.

By December 1904, the arbitrators’ ruling, combined with unsettled conditions in the Dominican Republic, had at last pushed the European creditors to the wall. The Italian ambassador at Washington put the issue clearly: the United States must either let other nations take control of the remaining Dominican custom houses, or it must do for their citizens what it was doing for the SDIC. Dawson reported that several European consuls in Santo Domingo were openly discussing the seizure of southern Dominican ports. The French ambassador in Washington met with Hay twice in mid-December and urged him to accept international control of Dominican finances. Hay demurred, preferring the

45. Moore received U.S.$10,000 upon signing the agreement and was to receive $80,000 in monthly installments to be paid out of the monies remitted to the SDIC by the Dominican government. In the event that the Dominican government failed to pay, the SDIC promised to pay Moore $3,500 a year in quarterly installments, while the unpaid portion would bear 4 percent interest. The SDIC received its first payment under the award in October 1904, and Moore remained actively involved in Improvement Company business until 1908. Undated memo, JBM Papers, CUSOL.

46. “The United States . . . ought to allow Italy to collect the quota due her directly from the custom houses of the Republic assigned for this purpose, or, if your Government has occupied some of the custom houses, as it appears to have done, it should assume the obligation of paying on behalf of San Domingo the amounts to which we are entitled.” Royal Italian Embassy to John Hay, 24 December 1904, copy in JBM Papers, CUSOL; translation by U.S. Department of State.
option of unilateral action. Although the actual likelihood of European intervention is not certain, European pressure did move Roosevelt to revise the policy of unconditional support for the Improvement Company.

Roosevelt’s annual message, delivered on 5 December 1904, referred to the Dominican situation and briefly sketched the reinterpretation of the Monroe Doctrine that would shortly bear his name. In the address, Roosevelt warned: “Chronic wrongdoing, or an impotence which results in a general loosening of the ties of civilized society, may in America, as elsewhere, ultimately require intervention by some civilized nation, and in the Western Hemisphere the adherence of the United States to the Monroe Doctrine may force the United States, however reluctantly, in flagrant cases of such wrongdoing or impotence, to the exercise of an international police power.” Roosevelt followed this apologia for intervention with decisive action. In late December, he instructed Dawson to seek Dominican approval of an American customs receivership. At the same time, Roosevelt sent Commander Albert Dillingham, a naval officer who had already played a key role in keeping Morales in power, to Santo Domingo to help with the negotiations. The meetings would shortly produce the protocol that established the U.S. customs receivership.

As the only creditors extracting money from the Dominicans, the directors of the Improvement Company watched the events in Santo Domingo with intense interest. “I have no doubt,” Moore wrote optimistically as Dillingham and Dawson held talks in Santo Domingo, “that the Department, in whatever it does, will be guided chiefly by the desire to avert by all possible means any danger of losing Puerto Plata. . . . It may, besides, desire to be in a position instantly to seize any opportunity to strengthen our interests.” Moore urged cooperation with the official steps that would soon trench on the company’s award. On 20 January, he suggested that the SDIC cable Abbott in Santo

---

47. After the meeting of 17 December 1904 mentioned above, Jusserand met with Hay again on 24 or 25 December and told him that “[T]he limit had been reached in Santo Domingo.” He noted that Hay was noncommittal about international control “because of the more and more marked desire of the American government to forbid any action by foreigners in the Americas.” Cypher telegram, Jean Jules Jusserand to Ministère des Affaires Étrangères, 26 December 1904, dossier 3, carton 38, série B, Amerique du Sud, République Dominicaine, Finances et Affaires Economiques (microfilm vol. 6), Paris, France; translation by author.

48. Roosevelt, Presidential Addresses, 175–77. In Santo Domingo, Morales took note of Roosevelt’s speech, observing privately, “It is now clear that the fear of intervention is no longer simply a suspicion. . . . [T]he preservation of our autonomy should be our constant concern.” Morales to Demetrio Rodríguez and Desiderio Arias, 19 December 1904, Presidencia de la República, tomó 11, Archivo General de la Nación; translation by author.

49. U.S. control of Dominican customs had been suggested in April 1904 by Morales. At the time, an international standoff had not developed, and Roosevelt chose not to intervene. See Munro, Intervention and Dollar Diplomacy, 89–93. On Dillingham’s support for Morales, see FRUS, 1906 (Washington, DC, 1907), 595, and MacMichael, “The United States and the Dominican Republic,” 170.

50. John Bassett Moore to Charles W. Wells, 17 January 1905, JBM Papers, CUSOL.
Domingo and instruct him that “Dillingham’s mission apparently not adverse to our interests. Would avoid suggesting any conflict.”

On 21 January 1905, the American and Dominican negotiators signed a draft protocol calling for U.S. officials to take over the collection of customs revenue throughout the Dominican Republic. What the receivership implied for the U.S. agent collecting revenue for the SDIC was not immediately clear, but the company still hoped for the best. In early February, Wells told Moore “[E]vidently what the State Department is doing is all right . . . and I ‘guess’ it’s coming out to our interests.” Meanwhile, Santo Domingo buzzed with rumors of an imminent American annexation. Facing the possibility of a revolution, Morales launched a letter-writing campaign to convince prominent Dominicans that a customs receivership was both desirable and inevitable. “We have saved the republic from anarchy, in every realm of national life,” he declared, “both the political and economic.” The arrangement was “almost paternal,” and the advantages “are ours, all ours, since they [the Americans] will be forced by the duty and moral obligation which they have assumed before the whole world to help us with the project of political and social regeneration.”

Moore still had enough confidence in the SDIC’s standing with Hay and Roosevelt to believe that they would do nothing to infringe upon the company’s rights. This hope was reinforced in late January, when the president invited Moore to Washington to discuss the Dominican situation. By that time, the proposed intervention had become a heated partisan issue and page-one news across the country. Opponents of the treaty attacked both the extension of U.S. power in the Caribbean and Roosevelt’s evident attempt to sidestep the Senate’s treaty-making power. It was thus in an atmosphere of controversy and pressing need that Moore met with the president on 24 January and again on 26 January.

Arriving at the State Department, Moore was taken to see the pres-

51. John Bassett Moore to Charles W. Wells, 20 January 1905 [misdated 1904], JBM Papers, CUSOL.
52. Several clauses of the original protocol were unacceptable to the State Department, but it set forth the basic structure of the customs receivership that, with minor modifications, went into effect under the modus vivendi declared by Roosevelt on 28 March 1905.
53. After a conversation with SDIC president Smith M. Weed in late January, Wells reported that “[I]ke myself he is much pleased with the situation.” Charles W. Wells to John Bassett Moore, 26 January 1905 and 9 February 1905, JBM Papers, CUSOL.
55. The protocol signed on 21 January was to take effect on 11 February, obviously not leaving time for the Senate to debate and ratify the measure. The ensuing conflict over the Dominican receivership was “among the most significant in the long contest between President and Senate,” according to W. Stull Holt, who describes it fully in Treaties Defeated by the Senate (Gloucester, MA, 1964), 202, 212–29. For the opposition of leading senators, see New York Sun, 26 January 1905, and New York Times, 24 January 1905.
56. Moore described his meetings with the president in an undated, eight-page hand-written memo, JBM Papers, CUSOL.
ident by Assistant Secretary J. B. Loomis. Loomis mentioned to Roosevelt, Moore later recorded, “that I was specially familiar with Dominican finances and intimated that I might outline a plan of adjustment. I remarked that I ought to call the President’s attention to the fact that I represented the United States before the arbitrators last summer in the settlement of the claims of the American companies, and that previously I had acted as counsel to the American companies. The President and Loomis both remarked that this would make no difference, as the matter was settled and was not to be disturbed.” Since Moore had just signed a new contract with the SDIC, his statement that he “previously” had been SDIC counsel was at best disingenuous.

When Moore returned two days later, Loomis showed him notes from the Italian ambassador urging action in Santo Domingo. “In speaking of this,” Moore confided in his memorandum of the meeting, “Loomis, to my great surprise... intimated that all claims and debts would have to be revised. I wondered whether he precisely understood the bearing of what he said, and after some conversation I came to the conclusion that he was speaking at random from impressions or impulses produced by the Italian Ambassador’s conversation.” Loomis had proposed precisely what Moore and the SDIC feared most: a general review of claims against the Dominican Republic. A full investigation of the Dominican debt would endanger the SDIC’s interests in several ways. First, it might end the priority that the SDIC enjoyed, by placing all creditors on the same footing. Further, given the state of the Dominican treasury, it was likely that a refunding of the Dominican debt would include an across-the-board scaling down of all claims. Finally, the company may have worried—with reason—that its business practices would not stand up to close scrutiny.

Despite the hint of a shadow falling between policy-makers and capitalists, Moore was soon able to impress his view of the Dominican crisis on a major policy statement that Roosevelt himself was preparing. State Department counsel W. L. Penfield read Moore and Loomis “a draft of an outline of a message which the President had dictated two or three days before and also some passages which he [Penfield] had himself prepared.” This message, which

57. Ibid.
58. It is not clear whether Loomis and Roosevelt knew that Moore continued to have formal business ties to the SDIC. Two months later, however, both the New York Times and the New York Sun would identify Moore as attorney for the SDIC. See New York Times, 21 March 1905 and New York Sun, 31 March 1905.
59. Undated memo, JBM Papers, CUSOL. When Johns Hopkins political economist Jacob Hollander investigated the Dominican debt later in 1905 at Roosevelt’s request, he characterized the Improvement Company’s claims as at least questionable. “It is true that there are many episodes in the history of the Improvement Company which would be looked at askance by conservative American financiers; but on the other hand it is even more conspicuously true that Santo Domingo in the past thirty-five years has not been a place where conservative financiers have flourished, nor even more recently where they could exist.” See Jacob Hollander, Report on the Public Debt of Santo Domingo, 59th Congress, 1st Session [1905], Exc. Doc. No. 1, 43–44.
Roosevelt would send to Congress along with the Dominican protocol on 15 February, announced a major departure in U.S. foreign policy—the Roosevelt Corollary to the Monroe Doctrine.\footnote{60}

Moore’s reaction to Roosevelt’s draft showed the differences crystallizing between Washington and the SDIC. “The whole thing,” Moore noted, “was very unconsidered, as it seemed to me, containing no exposition of Dominican conditions, but expatiating on the development of a new policy.... I told Loomis and Penfield that, in my opinion, it was inadvisable to thrust to the front a ‘new policy’ and leave in the background or altogether omit the exceptional conditions which rendered it necessary to do something in Santo Domingo without regard to any new policy.” The same day, Moore candidly presented his objections to the president himself. “I told the President that I had read... what he had dictated, and that it seemed to me that it was important that the actual conditions existing in Santo Domingo rather than the question of policy should be placed in the forefront. He seemed to agree with this, saying that what he had dictated was rough and hastily done, and asked me whether I had written anything. I told him that I had dictated a brief memorandum.... but that it was susceptible of much elaboration.... He read it and expressed his approval of it. I observed that in it the phrase ought to be employed that the custom houses had become ‘the nuclei of revolutions.’ He said that was ‘good’ and took a pen and wrote it in.”\footnote{61}

As lobbyist for a small group of American capitalists dedicated to rescuing their investment, Moore objected to the uncalled-for declaration of a new doctrine applying to the entire hemisphere. The expert in international relations may have believed that making the Dominican intervention the occasion of an important new policy could make the protocol’s passage by the Senate more difficult. He may also have realized that the open-ended commitment Roosevelt envisioned implied an ongoing U.S. intervention that would necessarily entail a reassessment of the Dominican debt. Moore’s addition to the president’s message concentrated, in lawyerly fashion, on the Dominican government’s noncompliance with its contractual obligations.\footnote{62}

\footnotetext[60]{Roosevelt had sketched the terms of the corollary that bears his name as early as 20 May 1904, in a letter read by Secretary of War Elihu Root at a dinner celebrating Cuban independence. For the history of the corollary, see Perkins, \textit{Monroe Doctrine}, 419–33, and Collin, \textit{Roosevelt’s Caribbean}, 385, 409–25; for adumbrations, see J. Fred Rippy, “Antecedents of the Roosevelt Corollary of the Monroe Doctrine,” \textit{Pacific Historical Review} 9 (1940): 267–79.}

\footnotetext[61]{Undated memo, JBM Papers, CUSOL.}

\footnotetext[62]{The memorandum that Moore gave to Roosevelt, with his handwritten revisions and the president’s insertion as mentioned above, survives in the special collection at the Columbia University School of Law. A comparison of that document with Roosevelt’s final message to Congress reveals that Roosevelt incorporated whole cloth into the final version of his message some 350 words written by Moore. Since Moore’s influence on this important document was previously unknown, it is worth citing in full the section written by Moore, with all Roosevelt’s emendations noted except changes in punctuation. Draft bearing annotation “Revised text, sent to Loomis, January 31, 1905, of memo presented to the President, January 28, 1905,” JBM Papers, CUSOL.}
various European claims against the Dominicans, Moore asserted that “[T]he state of things in Santo Domingo has become hopeless, unless the United States or some other strong Government shall interpose to bring order out of the chaos.” Political disorder on the island meant that custom houses “have become unproductive for the discharge of indebtedness,” and the chronic disorders “have become exceedingly dangerous to the interests of Americans holding property in that country.” Moore emphasized the conflict between the creditors and the debtor, not disagreements among the creditors themselves.

The final version of Roosevelt’s message was basically the broad statement of policy that Moore found objectionable, with the insertion of Moore’s description of the conditions faced by investors in the Dominican Republic. Although Roosevelt discussed the role of the SDIC in some detail, he did not use violations of the company’s rights as grounds for intervention, except in the passage cited above that had been written by Moore. Indeed, the president’s framing of the Dominican crisis spelled trouble for the SDIC. Although the Dominican protocol concerned only the United States and the Dominican Republic, Roosevelt cast the message in multinational, rather than bilateral, terms. The root problem was the debt that the Dominican government owed to private creditors throughout Europe. The legitimate grievances of these creditors could

During the past two years the European claimants except the English, whose interests were embraced in those of the American companies, have [“had,” in Moore’s original] with the support of their respective Governments, been growing more and more importunate in pressing their unsatisfied demands. The French and the Belgians, in 1901, had entered into a contract with the Dominican Government, but, after a few payments were made on account, it fell into neglect. Other Governments also obliged the Dominican Government to enter into arrangements of various kinds by which the revenues of the Republic were in large part sequestrated, and under one of the agreements, which was concluded with Italy in 1903, the minister of that Government was empowered directly to collect from the importers and exporters that portion of the customs revenues assigned to him as security. As the result of the chronic disorders attended with a constant increase of debt, the state of things in Santo Domingo has become hopeless, unless the United States or some other strong Government shall interpose to bring order out of the chaos. The custom-houses, with the exception of the two [“one,” in Moore’s original] in the possession of the financial agent appointed by the United States, have become unproductive for the discharge of indebtedness, except as to persons making emergency loans to the Government or to its enemies for the purpose of carrying on political contests by force. They [“The custom houses,” in Moore’s original] have, in fact, become the nuclei of various revolutions. The first effort of revolutionists is to take possession of a custom-house so as to obtain funds, which are then disposed of at the absolute discretion of those who are collecting them. [New paragraph in Moore’s original] The chronic disorders prevailing in Santo Domingo have, moreover, become exceedingly dangerous to the interests of Americans holding property in that country. Constant complaints have been received of the injuries and inconveniences to which they have been subjected. As an evidence of the increasing aggravation of conditions, the fact may be mentioned that about a year ago the American railway, which had previously been exempt from such attacks, was seized, its tracks torn up, and a station destroyed by revolutionary bands.

63. “Message from the President of the United States, transmitting a protocol of an agreement between the United States and the Dominican Republic, providing for the collection and disbursement by the United States of the customs revenues of the Dominican Republic, signed on February 4, 1905,” in Roosevelt, Presidential Addresses, 241–60.
not be redressed through “a blockade, or bombardment, or the seizure of the custom houses,” because the Monroe Doctrine as Roosevelt now construed it forbade Europeans to resort to those “normal” steps in the collection of international debts. By keeping the Europeans at arm’s length, the United States was refusing to “allow other powers to take the only means at their disposal” to satisfy their citizens, thus prolonging the standoff. This policy was “incompatible with international equity,” since American creditors, sheltering under the Monroe Doctrine, were the only investors receiving any payments at all from the Dominicans, a fact that increased the discontent of the Europeans.64

Even as Roosevelt asserted the hemispheric primacy of the United States, then, he disavowed the goal of rescuing the interests of American capitalists.65

It was essential, the president vowed, “that we should prove by our action that the world may trust in our good faith and may understand that this international duty will be performed by us within our own sphere, in the interests not merely of ourselves but of all other nations, and with strict justice toward all.”66

At the same time, Roosevelt clearly declared the right of the United States to intervene in the internal affairs of Latin American nations in order to prevent the spread of disorder that might invite powerful, opportunistic rivals from trying to get a foothold in the region. In this sense, the Roosevelt Corollary was a step in the direction of National Security Council-68, the interventionist blueprint for the early years of the Cold War, which extended the corollary’s concern with hemispheric disorder to the entire planet. The later document warned that “[I]n a shrinking world . . . the absence of order among nations is becoming less and less tolerable” and called for a new policy that “rejects the concept of isolation and affirms the necessity of our positive participation in the world community.”67

The moment of collaboration between Moore and Roosevelt that produced the corollary message was the last occasion on which the SDIC and the executive branch stood shoulder to shoulder. Roosevelt went so far as to contradict Moore’s conviction that the Dominican Republic could repay all its creditors

64. Roosevelt noted that when payments are made to American creditors under an arbitral award, “[S]ome foreign Government complains that the award conflicts with its rights, as a creditor, to some portion of these revenues.” Roosevelt, Presidential Addresses, 241–43, 245.

65. As Frank Ninkovich has noted, through the corollary, Roosevelt tried to overcome the conflict between regionalism and globalism latent in the two commandments of U.S. foreign policy, the Monroe Doctrine and the Open Door. According to Ninkovich, “The real problem for Roosevelt was how to permit legitimate European commercial and cultural influence while maintaining the Monroe Doctrine.” The corollary provided an answer by casting aside the Monroe Doctrine’s assumption of “two entirely different systems of domestic governance and foreign relations” in Europe and America and instead assuming “a global process, epitomized by the Anglo-American rapprochement, in which those differences had considerably narrowed or altogether disappeared.” Frank Ninkovich, “Theodore Roosevelt: Civilization as Ideology,” Diplomatic History 10, no. 3 (Summer 1986): 221–245.

66. Roosevelt, Presidential Addresses, 256.

by recognizing that it was “impossible under existing conditions . . . to defray the ordinary expenses of the [Dominican] Government and to meet its obligations.” The hybrid origin of the document explains why it includes the specific grievances of American investors against the Dominican government, yet ultimately announces a policy at odds with the particular interests of the SDIC.68 The purposeful globalism of the corollary evolved both out of and away from the parochial designs of the Improvement Company.

The corollary message was immediately recognized as a watershed in U.S. foreign policy. The New York Times, Sun, and Tribune, as well as the Washington Post, reprinted it in full. “While interest in the terms of the new protocol was extremely great, the President’s message overshadowed it in the attention it attracted among Senators on account of its many important statements concerning the Monroe Doctrine,” reported the Sun. The French ambassador in Washington wrote a detailed analysis of Roosevelt’s “très long message” and noted that Monroe “certainly would no longer recognize” the policy that bore his name.69

Despite his disagreement with Roosevelt about the proper way to shape American policy during the Dominican crisis, it took months for Moore to see that the president’s goals no longer coincided with those of the SDIC. In the meantime, the renowned expert in international conflict resolution threw himself into the campaign to win Senate approval for the Dominican treaty.70 Moore’s hope that the receivership would protect the special status of the SDIC claims was bolstered on 10 February, when a U.S. naval officer took over the customs house of a second Dominican port on behalf of the SDIC.71 Following the Senate’s failure to ratify the receivership, however, Roosevelt implemented the receivership plan by what was in essence executive fiat. The modus vivendi, as the arrangement was called, placed American customs receivers in all Dominican ports, including the two controlled by the SDIC. Moreover, the 55 percent of the revenue not turned over to the Dominican government was

68. Roosevelt, Presidential Addresses, 248.
69. New York Sun, 17 February 1905; Jusserand to Delcassé, 20 February 1905, dossier 3, carton 38, série B, Amerique du Sud, Republique Dominicame, Finance et Affaires Economiques (microfilm vol. 6), Paris, France; translation by author.
70. Even before the protocol was submitted to Congress in mid-February, Moore was supplying the State Department with examples of international agreements that had been approved by a simple majority, rather than a two-thirds vote of the Senate. Moore also furnished precedents for using force to take over the revenue of another sovereign state and apparently lobbied individual senators to support the Dominican plan. In early March, Moore reviewed a State Department memorandum describing precedents for international protocols “by which revenues are appropriated.” Memo included with letter from John Bassett Moore to Andrew H. Allen, Department of State, 3 March 1905, JBM Papers, CUSOL. In a note to F. B. Loomis, Moore attached “some memoranda of cases in which force was resorted to for the purpose of obtaining redress, pecuniary or otherwise.” Moore to Loomis, 3 March 1905, JBM Papers, CUSOL. For Moore’s lobbying, see letters to Theodore Roosevelt of 25 and 28 January 1905, JBM Papers, CUSOL.
71. See Dawson’s chronology, FRUS, 1906 (Washington, DC, 1907), 597.
held in escrow while the claims of all creditors were reviewed. At last, the blinders fell from Moore’s eyes. The SDIC protested “the violation by the United States Government of its own Protocol and Award,” but to no avail.footnote{72}

In late March, Roosevelt also announced that Jacob Hollander, a professor of economics at Johns Hopkins who had served as a treasury official in Puerto Rico, would undertake an investigation of the Dominican debt as a special agent for the United States. Roosevelt was, of course, aware of Moore’s impeccable qualifications and his familiarity with Dominican finances. In fact, the president had asked Moore to prepare a brief financial history of the republic, which he sent to the Senate along with the Dominican protocol. Nevertheless, the president chose Hollander to study the Dominican debt, suggesting that Roosevelt consciously preferred to base future U.S. action in the Dominican Republic on the findings of a disinterested newcomer, rather than those of a well-informed but compromised insider.footnote{73}

Meanwhile, months of public debate about the Dominican Republic had focused unwonted attention on the SDIC. Muckraking newspapers found in the Improvement Company a convenient, if elusive, villain. “The modus vivendi,” reported the Chicago Tribune, reflecting the opprobrium that had begun to gather around the company, “shall displace and obliterate the most sinister feature of the whole [Dominican] affair—the special precedence given to the $4,500,000 claim of the ever mysterious ‘Santo Domingo Improvement Company of New York.’”footnote{74} The SDIC’s public relations problems only got worse in the coming months. By the spring of 1905, Moore and the Improvement Company realized that the special status they had long enjoyed in Washington was being overwhelmed by Roosevelt’s commitment to harmony among the Great Powers and stability in the Dominican Republic. The president had moved the game to a new, international terrain, and the company scrambled to follow. If Roosevelt wanted to play the Great Power card, the SDIC would seek to trump him with Britain, the greatest power of all.

Of all the European creditors of the Dominican Republic, only the British, organized in the Corporation of Foreign Bondholders, had stayed loyal to the

footnote{72} Roosevelt’s action is described in first-page stories in the New York Tribune, the New York Times, the New York Sun, and the Washington Post, all of 29 March 1905. The SDIC’s reaction was expressed by Charles W. Wells to John Bassett Moore, 29 March 1905, JBM Papers, CUSOL.

footnote{73} Moore’s financial history appears in FRUS, 1905 (Washington, DC, 1906), 344–349. Roosevelt’s brief statement of 28 March said that “Mr. Hollander will thoroughly investigate these claims, including the claim of the American Improvement Company, and will report in detail all the information he is able to gather.” Reprinted in New York World, 29 March 1905. In the introduction to his report, Hollander stated that Roosevelt had “honored me by the instruction to proceed to Santo Domingo to examine the financial condition of that Government, with particular reference to the origin, the amount, and the validity of its public indebtedness.” No mention was made of an effort to reach a settlement with holders of Dominican debt. Hollander, Report on the Public Debt of Santo Domingo, 59th Congress, 1st Session [1905], Exc. Doc. No. 1, 1.

footnote{74} Chicago Tribune, 5 April 1905.
SDIC. In April, Moore sent a draft memo to the Council of the Corporation of Foreign Bondholders in London detailing the SDIC’s close relationship with the council and calling on the State Department to uphold their rights. A few weeks later, the British ambassador to the United States, Hugh J. O’Beirne, sent the State Department a letter based on Moore’s memorandum. He noted that “[S]ome anxiety has been aroused in the minds of the British shareholders” because Roosevelt’s executive order “does not contain any explicit recognition of the special rights” of the SDIC. In a personal meeting, Secretary of War William Howard Taft told a disappointed O’Beirne that “[T]he United States Government might properly re-open the question of the capital amount which the Improvement Company were entitled to receive from Santo Domingo.” The blow was hardly softened by the department’s written response in June advising O’Beirne that “[T]he President is unable to recognize any special rights and privileges of the said companies over any other creditors, American or foreign.” The SDIC’s resort to British influence had failed.

Meanwhile, Moore and his associates learned that they had misunderstood the mission of Hollander, the special agent investigating the Dominican debt. After a three-hour meeting with Hollander at the SDIC’s offices in June 1905, Moore reported that he “almost wholly confined the discussion . . . to an effort to induce the companies to commit themselves to the surrender and abandonment of all their legal rights, . . . and to come in on the same basis with other creditors.” The government, through Hollander, intended not only to study the debt but also to seek a general settlement among the bondholders, undermining the SDIC’s privileged position.

Over the next year and a half, Hollander tried to construct a refunding package acceptable to all the creditors. The SDIC realized that opposing a

75. The corporation believed “that the interests of the British holders of San Domingo bonds will be best protected by keeping under the skirts of the Company.” The British investors clung to the SDIC in large part because it “certainly enjoys the support of the powerful United States Government.” C. W. Fremantle, no addressee, 24 April 1902, General Correspondence before 1906, Dominican Republic, Foreign Office 23/99, Public Record Office, Kew, England; James P. Cooper to Tony Chauvin, Association Nationale des Porteurs Francais de Valeures Etrangeres, 4 April 1901, archive of the Council of the Corporation of Foreign Bondholders, Guildhall Library, London.

76. In the memorandum, Moore wrote that “[I]t seems proper that his Majesty’s Government should make this statement, if only for the purpose of expressing its confidence that nothing will be done to put in doubt the execution of legal obligations of the Dominican Government . . . in the full discharge of which the subjects of his Majesty have an important interest.” Memorandum enclosed with cover letter from Moore to John T. Abbott, 24 April 1905, JBM Papers, CUSOL.


78. Memo, n.d, describing 12 June 1905 meeting with Jacob Hollander, JBM Papers, CUSOL.

government-sponsored plan put the company in an awkward position, but it steadfastly refused to give up its claim to priority. Company officials watched with dismay as the SDIC rapidly became a pariah. “The President, as is apparent by all his utterances,” Moore noted in December 1905, “... has evidently thought it advantageous to represent himself as acting in antagonism to, rather than in cooperation with, American claimants.” When Hollander proposed a plan that included a commission to scale down the claims of all the Dominican creditors, Abbott noted bitterly that “[T]here does not seem to be anything for the American companies to do as our... fathering any scheme would be the easiest way to prevent its being adopted by Mr. Hollender [sic].”

By September 1906, Hollander had arranged a plan that would raise Dominican finance to a new plane. His negotiations involved some of the leading investment banks of the time, including National City Bank, Kuhn, Loeb & Co., William Salomon & Co., and Morton Trust. Hollander worked with Jacob Schiff, Charles Conant, and William Salomon—among the most imposing figures of American finance, and men who had little in common with SDIC president Weed. In contrast to the disastrous attempt to practice Dollar Diplomacy through the SDIC, the new, Progressive version would be capitalized by major New York banks, nationalized by U.S. oversight of Dominican customs, and rationalized by financial experts of Jacob Hollander’s caliber. The new arrangement, as Emily Rosenberg notes, represented a qualitatively new form of Dollar Diplomacy, one that was equal parts finance and foreign relations.

Hollander and the leading bankers shared a broad vision of the role of finance in achieving the ambitious geopolitical goals of the United States at the beginning of the twentieth century. “It would be a splendid thing,” Hollander told Charles Allen of Morton Trust, “for the Dominican Government to have its financiering placed on the high level which connection with the Morton Trust would mean.” The effect of a “high class financial institution” assuming such a role would go well beyond the Dominican case. “Why should not the Morton Trust Company,” Hollander proposed, “under your guidance become the instrument for the fiscal reorganization first of San Domingo, and thereafter for other Latin-American governments that—if we should only turn the trick well—will surely have recourse to the United States to have done for them what we have already done for Cuba and are now asked to do for San Domingo. You know Latin-American conditions and temperaments, and Mr. Root is sponsor for the policy.” Allen heartily agreed. If “some well-established financial institution” handled the Dominican refinancing, “it would establish a prestige for a broad way of doing things.” The question of reputation was especially impor-

80. Moore to John T. Abbott, 12 December 1905, and Abbott to Moore, 1 August 1906, JBM Papers, COSUL.
81. See, for example, William Salomon to Jacob Hollander, 20 July 1906, and Jacob H. Hollander to Robert Bacon, 4 August 1906, Box 3, JHH.
83. Jacob H. Hollander to Charles H. Allen, 28 June 1906, Box 3, JHH.
tant for “a loan of that magnitude, embracing as it would a question of policy, perhaps more important than the loan itself.”

The new Dominican loan would avoid all the pitfalls that had spelled disaster for the Improvement Company. Instead of the informal support Washington had long given the SDIC, the new arrangement would “rest entirely upon the fact that the United States is to administer the customs of the country,” as Hollander advised Roosevelt. Furthermore, the New York banks wanted assurances that the Dominican tariff would not be altered in any way that might reduce the revenue dedicated to paying a new loan. “With the experience of investors in San Dominican bonds,” wrote Jacob H. Schiff of investment banking house Kuhn, Loeb, “no one, I believe, will touch the proposed new Bonds unless the United States will undertake to look to the sufficiency of the customs tariff, to its proper collection and application to the service of the debt.” Finally, any new financial arrangement was contingent upon Senate approval of the Dominican treaty. The modus vivendi was a stopgap measure that collected and escrowed Dominican customs. The new Dominican loan, however, needed the rock-solid foundation of long-term U.S. government commitment to the adjustment that only a treaty could give.

On paper, Hollander’s plan looked favorable to the SDIC: it was promised 90 percent of the value of its claims, while other foreign creditors got only 50 percent, and much of the unsecured debt held by Dominicans was to be paid at only 10 percent. The SDIC directors insisted, however, that they had already scaled down their claims and refused to accept the further 10 percent reduction. Meanwhile, Hollander obtained the agreement of the European bondholders, with the exception of the British, who continued to work in tandem with the SDIC. As the U.S. government worked Hollander’s plan into a treaty, the SDIC came under intense pressure to go in with the other creditors. In January 1907, recognizing that it was outclassed by the new players in Dominican finance, the company finally acquiesced. In a plaintive telegram to London, the Americans called on their allies in the Corporation of Foreign Bondholders to accept the settlement: “Everything has been exhausted....If the offer is not accepted will destroy not only financial arrangement but it is most probable also plans of Government which likely to involve high interests of foreign policy. There is reason to fear Government would be unfriendly and no support can be expected from. In which case it will result in disaster.”

84. Charles H. Allen to Jacob H. Hollander, 9 July 1906, Box 3, JHH.
85. “Confidential Memoranda,” 10 August 1905, Box 2, JHH.
86. Jacob H. Schiff to Robert Bacon, First Assistant Secretary of State, 13 August 1906, copy in Box 3, JHH.
the support of the SDIC, the British bondholders reluctantly accepted Hollander’s plan.

In February 1907, the U.S. Senate ratified the treaty that embodied the refunding scheme, and in May the Dominican congress followed suit. Meanwhile, a financial panic had struck New York, and Kuhn, Loeb withdrew its offer to participate. Hollander was forced to assemble a new arrangement through the Morton Trust Company that finally became effective in 1908. The Improvement Company passed out of existence soon afterwards, but not the Dominican customs receivership, which continued to operate until 1940.89

The customs receivership inaugurated a new version of Dollar Diplomacy that reflected Washington’s experience with the SDIC. For the meager assets of the Improvement Company, Roosevelt substituted the deep pockets of major New York investment banks. To prevent the fast and loose financial transactions that had characterized the Improvement Company’s bond flotations, Roosevelt imposed government supervision on the lending institutions that took charge of Dominican finances and ordered Hollander to make a thorough, objective study of the Dominican debt. Finally, since the SDIC disaster demonstrated that a private company could not enforce its control of Dominican finances, even with regular visits by U.S. warships, Roosevelt stationed American officials in Dominican customhouses and posted U.S. naval vessels in Dominican ports.90 The ties between the executive branch, leading economists, and major financial institutions—the sinews of Dollar Diplomacy—were clearly being forged during the 1905–1907 refinancing of the Dominican debt, sponsored by Roosevelt and vigorously pursued by Hollander. The government-sponsored but privately financed economic rehabilitation of the Dominican Republic became a model for bringing stability to turbulent Latin American nations. The system of financial oversight put in practice by the receivership would become the cornerstone of William Howard Taft’s foreign policy.

Historians have long ignored the role of the San Domingo Improvement Company in creating the economic and political conditions that prompted U.S. government intervention in the Dominican Republic in 1905, just as they have ignored the powerful influence the company exerted in Washington in pursuit of its special interests. Perhaps this is because the SDIC had little in common with the great transnational corporations and international financial houses developing at the time. The company fused its interests with those of the U.S.


90. In the years after 1905, the American intervention was irresistibly drawn into supplying the elements of “stateness” that the Dominican Republic so notably lacked. The receivership’s use of U.S. naval vessels and its creation of a frontier guard on the Haitian border—both originally intended to be used for smuggling interdiction—quickly became important props of the Dominican state. The Dominican government “soon came to depend on the [revenue] cutters to quickly combat distant revolutionary outbreaks,” while the Frontier Guard “began to serve the dual purpose of a quasi-police force for the central government,” Neymeyer, “The Establishment and Operation of the Dominican Republic Customs Receivership,” 139, 140.
government the old-fashioned way—through patronage ties, private business contacts, and political party affiliations. The SDIC’s network of businessmen, diplomats, politicians, and lawyers bridged the lofty world of diplomacy and the sordid one of Latin-American finance.

The special characteristics of the SDIC—a small-scale, closely held, capital-poor, politically oriented firm— Influenced Roosevelt’s thinking about the most effective way to settle the Dominican crisis. The conferences between John Bassett Moore and Theodore Roosevelt over the meaning of the Roosevelt Corollary are the most concrete expression of the way in which the Improvement Company influenced Roosevelt’s new departure—negatively, as an example of how not to make foreign policy. As the United States emerged as a genuine superpower, American policy evolved from unthinking support of narrow private interests to a critical, global vision that freed policy-makers from the thrall of the SDIC. In the future, Washington would be more careful to promote American business interests abroad generally while steering clear of simple-minded advocacy of one company’s special interests. Retrograde politically and economically, the Improvement Company nevertheless pointed the way from the foreign policies of the Gilded Age toward those of the Progressive Era.

91. The Improvement Company had its roots in the distinctive political economy of the Gilded Age, or what Martin Sklar has called the “proprietary-competitive phase of capitalism,” with a corresponding clientelistic relationship with government, but it survived into the corporatist-administered era with its tendency toward a new but as yet inchoate organization of political and economic power. On periodization, see Sklar, *The Corporate Reconstruction of American Capitalism, 1890–1916* (New York, 1988), especially 1–45, and chapters on “Periodization and Historiography” and “Studying American Political Development in the Progressive Era, 1890s–1916” in *The United States as a Developing Country* (New York, 1992).

92. The most thoroughly researched recent work on the Dominican intervention dismisses the influence of commercial and financial interests on policy-makers by asserting: “Roosevelt, Secretary of State John Hay, and most of the working under-secretaries . . . were upper-class American aristocrats who found any business demeaning and the marginal enterprise of Latin American adventurers especially sleazy.” Collin, *Roosevelt’s Caribbean*, 11. Yet the SDIC had regular, personal, high-level contact with State Department officials and with President Roosevelt himself over a period of years, and the company used these channels to influence policy toward the Caribbean republic before the 1905 intervention. The president of the SDIC, Smith M. Weed, was a prominent New York Democrat and intimate of Grover Cleveland, who sat in the White House when the Improvement Company began its operations in the Caribbean. John T. Abbott, the SDIC’s man on the ground in Santo Domingo after 1899, was former U.S. Minister to Colombia, with his own contacts at the State Department. As has been seen, the SDIC’s primary agent of influence in Washington, John Bassett Moore, was a renowned jurist and scholar of international law, former assistant secretary of state, and frequent adviser to presidents and the State Department from the 1890s on. In the case of the SDIC, upper-class Americans and sleazy entrepreneurs were one and the same.

93. Even an interest as powerful as the United Fruit Company could not count on knee-jerk support from Washington, as Paul Dosal has shown in *Doing Business with the Dictators* (Wilmington, DE, 1993); see especially the introduction