

The Economic Club of New York

83<sup>rd</sup> Meeting

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The Honorable Burton K. Wheeler  
United States Senator of Montana

and

The Honorable Francis H. Sisson

and

Professor Samuel Guy Inman  
Columbia University

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Mr. Ely: Gentlemen, it is a source of great regret to us that our president is unable to be here tonight, being in the West on business. However, it is a great pleasure to present to you Mr. Willcox, who will preside at the meeting this evening.

Mr. Willcox: Fellow members, I deeply regret, as I know you do, the absence of our president, Mr. Hines. It is quite a pleasure for me to preside at this one of the monthly meetings of your Club. I have no speech to make, but before we begin the discussion of the topic of the evening I first desire to introduce one of our oldest members who has been a professor of political economy in several universities and who was one of the first members of the Economic Club when it was formed twenty years ago. He is here tonight with us. I think he tells me he is in his eighty-first year, and I want to introduce him to you as one of our guests of honor, Professor John Bates Clark.

Professor John Bates Clark: I suppose I am present because of a scarcity of patriarchs. I was here in the beginning of the Club and I am reminded of the case of the old Scotchman who was similarly situated, whose story is described in Walter Scott's novel "The Monastery". He was inordinately proud because he had witnessed the beginning of the building of the monastery itself and was always saying to his friends wherever he met them, "I ken the begin." I also ken the begin of the Economic Club. I saw it at the beginning. I saw it again in the middle of its career of twenty years, and I am seeing it now, so that I feel that the Club itself will be the best subject I can take to address you on for about four minutes.

The Club has passed through one very memorable epoch, that of the late war – it does not go quite back to the Civil War. It has come into the era of peace, characterized by another phenomenon as interesting, more instructive even, than that of the war, the era of world unification, mainly in business affairs, the growth of corporations having the world as their field of action. The growth of corporations of that kind in almost every other country that does business at all; every country wants its field to be the world, if it can, and we have in the world a network of Internationalistic corporations. Does that mean peace or war? Now it would take four hours, instead of four minutes, to discuss that, and there would be differences of opinion, and some will think there will be entanglements. That is a favorite word to use, entanglements, and some will think there will be such things in consequence of this growth of corporations in every country that does any business at all.

I think myself that in connection with another development it not only means a tendency to peace, but it puts a firm foundation beneath the League of Nations, and it is the best basis for thinking that perhaps, even probably, we shall never have another Armageddon. Side by side with this great development of big business the countries have become more democratic.

Democracy has thriven on the peace that followed the war. Democratic States have supplanted monarchical ones to a considerable extent, and the thesis with which I would like to conclude is this: Put side by side the development of democracy in government and the development of big business of great corporations in the economic field, and you have an exceedingly good combination. Democracy is an element that is needed. Big business is an element that is

assuredly needed. Together they give us a promise of peace that we should not have under any other conditions (applause).

Mr. Willcox: The subject of the evening's discussion is upon the bill of fare with which you are all familiar: "Our Economic Frontiers to the South," a subject that is particularly opportune in view of what is going on today down at Havana, and we are particularly honored in having with us tonight the United States Senator who since his entry into the higher house of Congress has distinguished himself in a marked degree. I do not agree with him, as you know, politically, but I think he is one of the best representatives we have in that very honorable body. It is a great pleasure to me to introduce the Honorable Burton K. Wheeler, United States Senator from Montana. (Applause)

The Honorable Burton K. Wheeler

United States Senator of Montana

"Our Economic Frontiers to the South"

Mr. Toastmaster, ladies and gentlemen, coming from the sage brush of Montana as I do, I always feel just a little bit hesitant about coming up to the City of New York and talking to the people of this City who feel that they know everything about every subject and can tell us how to run Congress better than we can ourselves. Former Speaker Champ Clark once said when he was

being criticized, he said, “Why don’t some of you men who know how to run Congress better than we know how to run it come down here and run it? There is just one reason why you don’t do it, and that is because the people don’t elect you.”

This summer I was out in my home State in Montana and I was speaking, strange as it may seem to you, in a Methodist Pulpit, and I was reminded of it by reason of the arrangement that you have here tonight, and after I had finished I was told by the gentleman who presided that he had heard a very good story concerning myself, which I think would perhaps bear repeating tonight. He said that in one of the neighboring cities a gentleman came there and said to an audience, “I can tell just what political faith you belong to by looking in your faces.” He hesitated a little while and a boy in the audience said, “Well, why don’t you tell us?” He thereupon looked at a gentleman away over in the corner and he said, “You see that good looking man away over there, not the one you are looking at, but the fourth one from the back row in the outside seat. That gentleman is a McKinley Republican.” He said, “Am I right?” And the man said, “Yes.” He looked around and he saw another good looking gentleman over here and he said, “That man is a Bryan Democrat.” He said, “Am I right?” And the man said, “Yes.” And then he looked down the center of the aisle and he saw a rather cold-blooded, wizened-up little fellow and he said, “That fellow is a Coolidge Republican,” and he said, “Am I right?” And the man said, “Yes.” Then he looked over and saw a rather pale faced gentleman and he said, “That man is a Wheeler Democrat,” and he said, “Am I right?” And the man said, “No, you have got me wrong. I am sick. That is the reason I look that way.” (Laughter)

Speaking of Latin America, I cut out of the newspaper coming over here today a statement by that great humorist, Will Rogers, in which he said – I am not going to quote it – “I think we should send our Nicaraguan delegation here. It takes quite a sense of humor for these people to understand us shaking hands with one hand and shooting with the other,” and I am sure it must take quite a sense of humor for you people here tonight, after reading the morning press about what we ought to do, what the President said we ought to do, in Latin America, when you find us down there sending our Marines out shooting up banditry, as they say, shooting down bandits, as they call them, in Nicaragua.

I am going to explain to you tonight what the position of some of us is concerning the position that has been taken by the Administration in Nicaragua. I am sure it will not be very pleasing to some of you Republicans, but it may be pleasing to those of you who call yourself neither Republicans nor Democrats, but just plain Americans who believe in fair play.

American ears are familiar with the ancient proverb, “Righteousness exalteth a nation, but sin is a reproach to any people.” By ancestry that proverb is Hebrew, but by adopting it is good American. It has been preached into the ears of Americans of all ages with such earnestness by our statesmen, prophets, and poets that it has become fixed in the popular heart as a vitally fundamental part of American ideals.

You feel the deep truth of this when you read Lincoln’s Gettysburg oration or his second

inaugural; or the burning denunciation of that great social prophet, Theodore Parker, delivered in the City of Boston against chattel slavery – the all dominating and devouring national sin of his day – or Lowell’s noble commemoration ode in which he pays a tribute to Lincoln as “a shepherd of mankind, indeed, “and to America –

“O Beautiful! My country! \*\*\*\*\*

Among the nations bright beyond compare.”

These men believed profoundly that righteousness, justice, integrity, are essential national virtues. That to part company with them, even temporarily, means national dishonor. That to part company with them permanently means national destruction. And the Americans who listened to them and others who spoke like them, and honored them for so speaking, shared their belief.

We have had enough and to spare of false prophets in America, both in the political and ethical field. And we have often been blind and foolish and weak enough to follow them for long stretches and into the commission of deeds that make ugly chapters in our history. Short as our history is there are some very black chapters in it. Chattel slavery is the blackest of these black chapters. The crimes committed in behalf of chattel slavery under the protection of the Stars and Stripes less than a hundred years ago were even greater than the crimes committed in behalf of oil and international finance under the protection of the Stars and Stripes today.

Do you realize that throughout the African slave traffic the safest flag under which to carry on the traffic was the American flag? That for a long time America defied such moral sentiment as was astir in the world against this traffic.

Let no Americans who knows this black chapter of our history, and how it was ultimately brought to an end, utterly despair, because we are today engaged in writing another bad chapter, this time under the caption of “Dollar Diplomacy”. For all its greedy arrogance dollar diplomacy is doomed. It is no more impregnably entrenched than was chattel slavery. Like chattel slavery it is a monstrous moral aberration, and like it carries in its swollen body the seeds of its own death.

Yes; we have had our false prophets and we have followed them to our hurt, to the hurt of our fellows, and to the shame of our country. Like other people, we have been drugged with false prophecy. While so drugged we have accepted lies as the truth and defended them fiercely as the truth. But we have never yet followed our false prophets so far and so long as to be able to sit down and remain content with their false teaching and leading.

We have never yet sunk so low in the moral scale as to look up to heaven and say,  
“Righteousness degrades a people and sin is a source of national glory.”

Victims of our ignorance, victims of our greed, dupes of our false prophets, though we have been, we have never yet cursed God when He called a strike of the national conscience against a

national sin. Nor have we yet to make room for our false prophets and their false philosophies, turned upon such leaders as Lincoln, Parker, and Lowell and told them to “get the hell out of here.”

However far we may at times have fallen from grace, and whatever enticements may have been used against us, we have never yet been willing to declare to ourselves or our children or the world that the good old maxim, “Honesty is the best policy,” is bad Americanism. Even the most brazen of our false prophets—with one exception which I shall presently note, has hesitated to say in so many words: Public honesty, public integrity is no part of American policy – from a national viewpoint it is pure bunk.

Nevertheless—and this is why I am driven to speak as I am doing—our Government, in the hands of those who are at present administering it, in its dealings with the little Republic of Nicaragua seems to me, and to many others who have given the matter serious thought, to be acting as if it were obsessed by the strangely un-American idea that it is to exalt itself by injustice and tyranny and to glorify itself by all manner of wrongdoing against the spirit and the body of the every liberty and republicanism to which it was dedicated at its birth.

It is true that the Administration—I make a sharp distinction between the Administration and the people of the United States—speaking through President Coolidge—has taken great pains—shared no doubt by the language employed—to explain that it was acting on the highest principles of

justice and international comity; also that it was not going to do what it forthwith proceeded to do in the case of Nicaragua; and that what it had done was something quite different from the report common observation and commonsense made of its actions.

No fault is to be found with its moral accent. That is quite perfect. The fault lies with its behavior. It has been a bad actor. This Administration has behaved as if it believed public integrity is pure bunk and no part of practical American policy. It has behaved as if our diplomacy were inspired by the same sort of ethics that led to the definition of a diplomat as a person sent abroad to lie for the honor of his country.

Let me make clear just what I mean. To all intents and purposes Mr. Kellogg and Mr. Coolidge are waging an undeclared war against the people of the little Public of Nicaragua. What is the excuse for this?

Our State Department, throwing American honor to the dogs, recognized Adolfo Diaz as President of Nicaragua. To do this it had to violate the spirit and the letter of a treaty which it had sponsored. It had to override the spirit and the letter of a constitution which it had sponsored. It had to lend itself to all manner of political chicanery in the vain hope of making the worse appear the better cause in the eyes of the overwhelming majority of the people of Nicaragua, who justly despise this pet puppet of our State Department. And then when it failed to get away with the deal it undertook to put over on the people of Nicaragua, it began rushing warships and marines

and bombing planes to the little country to carry out its program of brutal bluff and bully.

The waters about Nicaragua have been kept churned up with a procession of American battleships. American marines are rapidly overrunning the land; while overhead, hovering hawk-like, are enough bombing planes to blow the little country off the map.

Our airplanes have been used to drop bombs upon noncombatants, men, women and children. Our boys in the marines have been killed in battle upon foreign soil without war being declared. Let it be understood that I am not interested nearly so much in what the people of Nicaragua think about it as I am of what right thinking Americans should think of it.

We are told now that both the progressives and the reactionaries want the marines there to stamp out Sandino and his alleged bandits. What difference does that make? What difference does it make if ninety-nine out of every one hundred persons there want us to send our marines? The question is what right have we got to send our boys into a foreign country to stamp out banditry? If we are to use them to stamp out banditry, let's send them to Chicago to stamp it out there.

I have little doubt but what the British Government would have been glad to have us send our marines to stamp out what they are pleased to call rebels in Ireland. I have little doubt that a portion of the Irish population in the Irish Republic would like to have our marines supervise their elections and keep the ballot boxes pure. But why not send them to Pennsylvania?

As far as I am concerned I wouldn't sacrifice the life blood of one American boy for all the damn Nicaraguans, and the executives of this government have no right to do so.

We are told that the marines are sent there to protect American property and American lives.

What property and what American lives? Is it the paper canal which we talk about building in the dim and distant future? If so, is there any intelligent person in this audience who even momentarily believes that any government that might be established in that little weak country of Nicaragua, would dare to violate a treaty entered into with the United States. It is a reflection upon your intelligence to even mention it.

What other property rights or whose lives were threatened or in danger? Do you know? If it's to protect property why didn't we send the marines and clean up the Nationalist Army in China when Nanking was ransacked? Why didn't we send marines and lick the Russian revolutionists when they destroyed American property, or why not send the marines to collect our foreign debts owed us by France, Italy and Germany? Why doesn't Mussolini send marines to Chicago to protect his nationalists when they are shot down in the streets of Chicago with machine guns and no prosecutions are had?

But I hear someone say, "What about the Monroe Doctrine?" Poor President Monroe, what crimes have been committed, under the guise of complying with your doctrine which Professor Bingham, now Senator Bingham, said was an obsolete shibboleth. Let us see what President

Monroe, speaking through his able Secretary of State, John Quincy Adams, really said:

“The American continents, by the free and independent condition which they have assumed and maintain, are henceforth not to be considered as subjects for future colonization by European powers—we should consider any attempt on their part to extend their system to any portion of this hemisphere as dangerous to our peace and safety. With the existing colonies or dependencies of any European power, we have not interfered and shall not interfere. But with the governments who have declared their independence, and maintained it, and whose independence we have, on great consideration, and on just principles, acknowledged, we could not view any interposition for the purpose of oppressing them, or controlling, in any other manner, their destiny, by any European power, in any other light than as the manifestation of an unfriendly disposition towards the United States.”

Is there anything to this that could by the farthest stretch of the imagination warrant us in sending our marines to stamp out banditry, to supervise elections or intervene in little Nicaragua? I submit there is not.

Who is this Diaz? He is an old favorite. He is a perfect rubber stamp. He is an ideal “yes man.” He not only takes orders from our State Department without question; he anticipates them.

Listen to this abject Diaz whine: “Whatever may be the means chosen by the Department of

State, they will meet with the approval of my absolute confidence.” Mr. Coolidge evidently thinks that is proper language for the puppet he has placed at the head of a sovereign State to use, for he quoted it with evident satisfaction in his message to Congress.

Our State Department has been using Diaz off and on ever since it assisted in fomenting the revolution in Nicaragua in 1909, which resulted in the overthrow of the Zelaya Government. He is one of its two handy men. The other was Emiliano Chamorro. Of the two, Diaz has in the long run won out with our State Department as being the easier to handle. Both are professional revolutionists.

Those of you who have read Oliver Twist will recall old Fagin and his training school for juvenile burglars. Bill Sykes and other kindred spirits used the graduates of this school by putting them through windows too small for a man to enter. It was then the business of the little burglar to unlock the door so the big burglar could get in and get the stuff. This is a good illustration of the useful function performed by Diaz for his masters. He is an agile little Nicaraguan who has been thrust through the little window of the presidency several times to unlock the house of Nicaragua to certain American exploiters.

It is a source of the profoundest humiliation to Americans who realize what is taking place beneath the American flag in Nicaragua—and will be such to all honorable citizens when the facts become history—that the Government of our great Republic is hand in glove with the political

reprobate in the betrayal of the little Republic of Nicaragua.

The chief responsibility for this crime against liberty and republicanism and good morale must rest with the executive department of our Government, into whose hands in an especial sense the honor of our country is committed. But no American citizen now living who remains silent while this gross indecency is being perpetrated can escape some measure of responsibility.

Let me now sum up what I mean.

Reduced to the simplest terms, the Kellogg-Coolidge policy has led to armed intervention in Nicaragua in behalf of an American-made President foisted upon the people against their known will for the simple reason that he is ready at whatever cost to Nicaragua to serve those who are and for some seventeen years have been mercilessly exploiting Nicaragua under the aegis of our State Department.

Despite the propaganda put out by the State Department and the White House in support of this policy, it ought not to require anything beyond ordinary insight to assess it at its proper moral value.

The only chance it has to escape condemnation is for a fresh school of false prophets to arise at this juncture and take and hold the conscience of the Nation captive for a season.

The wide discrepancy between the words and the deeds of the Secretary of State and the President tends to destroy confidence in their leadership.

Even the wayfaring man, though a fool, can see there is something wrong somewhere with this policy. It doesn't go the way it is looking. There is a bad moral twist in it somewhere.

No person of sound judgment can review the utterances and activities of our State Department and the President in recent dealings with our southern neighbors without coming to the conclusion that moral chaos reigns in the department and moral confusion in the White House.

This moral confusion has spread abroad. Many minds have been infected with it. Public opinion has been unwholesomely affected by it. It seems to have paralyzed the vocal chords of many of those to whom the country has a right to look in such a national moral crisis as this for the kind of inspiring moral leadership furnished in dark days by such American statesmen, prophets, and poets as Lincoln, Parker and Lowell.

Fortunately, however, for our sanity, in the midst of this moral murkiness, at the very moment when it seemed confusion was becoming worse confounded, something happened. There was a revealing flash of literary lightning. Not from the State Department. Not from the White House. But from the editorial department of an administration weekly that has swallowed the whole of the Kellogg-Coolidge Latin-American policy—except the uncertain, apologetic language in which

that policy has been explained to the American public.

Madame Roland once cried, “O liberty, liberty, how many crimes have been committed in they name!” Conspicuous among the petty crimes committed in the name of liberty is the paper called “Liberty” – or “5 cent Liberty.” I am not quite sure which. The latter seems more appropriate. If the former is the correct name, it is a significant instance of the subtle way in which the propaganda of greed is taking the meaning out of the English language. (They tell the story of an old miser who went to church and who, when the collection was taken up, put a nickel in the plate. A neighbor, who saw him, said to his wife, “Did you see that old rascal buying a nickel’s worth of heaven?” Well, when you pay five cents for this paper, if you expect to get even a nickel’s worth of liberty, you get stung.) I understand this flashy American Tory weekly was fathered and is fostered by that shrieking circus-calling of modern American Toryism, the Chicago Tribune.

The editor of this “5 cent Liberty” has rushed in with is literary lightning—or flashlight—to the rescue of the Kellogg-Coolidge policy, where administration angels feared to tread. To him the actions of the administration speak louder than its words. He interprets its words by its deeds. He boldly proclaims that the acts are all right. It is only the halting or apologetic words that are wrong. They are responsible for the confusion. They simply becloud the glory of the brutal deeds done—or to be done.

With a wave of his editorial wand he sweeps off the landscape what he calls “our little Americans, our Borahs and Wheelers, our professors, sentimentalists and self-appointed wailers for the rights of small nations.” Next, he admits with a fire frenzy that the Kellogg-Coolidge policy is exactly what he says those opposed to it have called it: namely, piracy, highway robbery, vicious and depraved, morally! But, he shouts it is progress!

That is all he wants to know. He is perfectly certain he knows that. He washes his hands, and holds himself ready to wash the hands and the feet of the Secretary of State and the President of all the mud and blood it may be necessary to wade through in following this path of progress.

The whole responsibility lies at the door of what he calls “Destiny”. He is so infatuated with the word that instead of seeking moral guidance from some real character like Lincoln or Parker, or Lowell, he puts a stage character – poor distracted Hamlet, of all people – in the seat of authority, and then misquotes him to meet his needs as follows:

There is a Destiny that shapes our ends, Rough-hew them how he will.

Hamlet said “divinity,” not “destiny” – and he didn’t use a big “D” either. But the bold editor was a hundred percent for “Destiny” so he read the riot act to Shakespeare and kicked “divinity” right out of the line.

Glancing back over American history, discounting every generous impulse and glorying in our every grab, and seeing as in a Balaam-like vision a “Bigger-Yet America,” this spokesman for the Spokesman of the White House and “Liberty” prophesies: “Destiny was at work behind the selfishness of immoral politicians. Destiny is still busy, and 75 years from now the inhabitants of Nicaragua, Mexico, et al, will be singing the Star Spangled Banner and scoffing at the idea that anyone would return to the old government.”

This noble outburst by “5 cent Liberty” was followed the next week by a double-page feature article under the caption “Southward the bird of empire wings his way.” In the upper left-hand corner is the dome of the National Capitol, beneath which appears the legend: “The map story of 100 years of American expansion in the Gulf and the Caribbean.” In the upper right-hand corner there is a vicious, vulture-like eagle – just the sort of bird of prey that would fit into Aesop’s Fable of the Hawk and the Pigeons; the American hawk and the Latin-American pigeons. Beneath this eagle is the legend: “The eagle has flown in ever-widening circles over the old Spanish Main – what next?” In the middle is a map on which 14 points are marked in red figures where the eagle has pounced upon something in the Latin-American domain and gotten away with it or else slapped somebody in the face with his pinions. (Among the places marked are of course, Cuba, Haiti, Santo Domingo, Panama, Nicaragua, Honduras, Guatemala, Vera Cruz). The reading matter that surrounds the map is couched in the truculent phrases of junkerism at its very worst.

In passing let me make two remarks about this interesting and timely defense, our revelation, of the Kellogg-Coolidge policy.

First, about this word “Destiny.” It seems have a curious effect upon some people. They seem to find in it something mysterious, magical, spellbinding.

Personally I am not a bit strong for this word. It leaves me perfectly cold. It has played little or no part in American history. Certainly no good part. It made no appeal to men like Washington and Lincoln. They had too much horse sense, common honesty, common decency to use it as a cloak for crime.

By the way, who is the “man of destiny”? People who talk about “destiny” when they look with covetous eyes upon their neighbor’s wife or vineyard or oil lands, always have him in the back of their head. The great Napoleon, of course. Very well. Where did “destiny” land this “man of destiny”? On the island of St. Helena, which, to all intents and purposes, was just a lonely scrap heap.

Thirteen years ago another ambitious European gentleman set out to play the role of “man of destiny.” What did “destiny” do for him? Why it buried him alive in a little Dutch village called Doorn, to twiddle his militant moustache to his heart’s content. Just that. Today, “none so poor to do him reverence.”

In my judgment, this talk about “destiny” is talk of the cheapest brand. No good for an individual. Worse for a nation.

The other remark I want to make about this editorial defense of the Kellogg-Coolidge policy is this: I know my history, both of the human race and of my country, well enough to know that it is a mixture of good and bad from my standpoint. What the generations that have gone thought of their actions I do not know. It is not the part of wisdom in a busy world to spend much time in passing judgment upon those who preceded us upon the stage of life, whether from our point of view they happened to be greedy cannibals or greedy expansionists. Nor is it the part of wisdom for us to return to cannibalism today on the ground that certain of our ancestors indulged in the habit. No more do I think it is morally justifiable to advocate a policy of greedy territorial expansionism today on the ground that we have grown to be the big country we are by what some call questionable methods.

There are those among us who, whether ignorantly or foolishly or wickedly, seem hell bent upon trying to “progress” in the direction of an American colonial system of peon states – an American Indian empire. This, too, when the voice of nationalism is being lifted higher throughout the world than ever before. This, too, when England’s Indian empire is visibly slipping from her grasp, and must before long, be let go, because there is growing up within England herself a new conscience that will no longer stand for the ancient ways of keeping subject peoples in awe. Our republicans bitten with imperialism will veer away from this small

State slavery or peonage as soon as the national conscience awakes to the meaning of our Latin-American policy. No precedent, ancient or modern, will then justify it. No name will sanctify it – not the greatest.

Certainly no living American would dare for a moment, even now while the fires of conscience burn low, advocate the flying of the Stars and Stripes from the masthead of another slave ship, because, forsooth, there is historic precedent for that iniquity.

It is not my idea of progress for the living generation to turn back the pages of history and travel again all the ways our fathers trod, with foolish reverence repeating their every act. It is close akin to moral treason to follow in the footsteps of a predecessor which by the light of today's reason can be seen to be false steps. But to turn back the pages of history and learn from them where our fathers failed in generosity in their dealings with any groups of human beings whose descendants are now living, whether Afro-Americans or Latin-Americans and to endeavor in some commonsense way to make amends for their failure by generous and honorable treatment in our present dealings with these descendants – that I would call progress–upright, human, if not godlike progress as contradistinguished from beastly or barbaric progress.

Returning now to the immediate sponsors for our present Latin-American policy, I challenge them to accept Liberty's defense of this policy.

Although it is the only rational explanation of this confused policy, as it has been promulgated to the country by Mr. Kellogg and Mr. Coolidge, they dare not publicly accept this explanation. They dare not admit ownership of the cat the brash editor of Liberty has let out of the bag – no, not even when the cat runs up to them and rubs against their legs with feline familiarity and looks up into their faces ingratiatingly and mews, “You know me.”

To do so would be to sweep the moral foundations out from under America public life. It would be to stultify the ethical teaching in every church and school and college in our land. It would be equivalent to declaring to the world that we put one over on the family of nations when we built into the Washington Monument memorial stones from many lands. It would be to broadcast to the world that the Statue of Liberty is just a big, practical joke, which, now that we have admitted it, is shortly to be re-christened the Colossus of Hypocrisy. It would be to run up over the White House, not the red flag of which Mr. Kellogg lives in such mortal terror, but the black flag of piracy.

No; though our Nicaraguan policy may not be abandoned or even altered; though it may, like a jack-o-lantern, lead us into some dismal swamp in which we shall bog ever deeper in mud and blood until the national conscience recovers from the sleeping sickness from which it seems at the moment to be suffering, its sponsors dare not own up publicly to the brutal truth “Liberty” has blurted out for them.

I dare hope that the conscience of America will be fully aroused before it is too late. Nothing would do more to arouse it than the public avowal by those responsible for our Latin-American policy (whose other and better name is “dollar diplomacy”) of the real motives from which it springs. Once the national conscience is aroused – this divine power which brought down to the ground the apparently omnipotent slave oligarchy just when it seemed to have gained all its objectives and to have intrenched itself impregnably upon the promontories of American society and politics and business – the doom of dollar diplomacy is sealed. From that moment we will begin to cherish a decent respect for the opinion of mankind. We will by our own initiative move away from this Nicaraguan policy which is rapidly bringing down upon us the bad opinion of all mankind, and move into a position where we shall deserve and receive the respect of mankind, and, which is even more important, deserve and enjoy our own undivided and undiluted self-respect.

I venture to look in another direction for help against this moral aberration of dollar diplomacy. That is to the hard commonsense of which there are such big deposits in the field of legitimate American business. I say legitimate American business, for there is a world of difference between the business that stands on its own legs, keeps an erect head on its shoulders, works in an open and above-board manner with clean and friendly hands for honest ends, and which, conscious of its own integrity and of the social value of what it has to offer, goes into the markets of the world asking for no governmental or other favors but simply for a fair field – and the other kind of business, which is the nigger in the wood pile in this dollar diplomacy aberration, which

looks to our State Department to get unfair concessions, or unfair bond issues, or unfair sales contracts, by producing a “moral effect” with warships, and reaping their unrighteous rewards with bayonets and bombing places.

I look to the commonsense of legitimate American business to realize, before it is too late, the enormous folly of our present policy. I am the more encouraged to do this because of an editorial in the New York Journal of Commerce on “Trade with Latin America,” from which I make the following quotation:

“Our absolutely larger trade with Europe is percentually on the decline, while Latin America and the Far East are the fields in which our overseas commercial opportunities are progressively expanding. It is a great pity that these are the parts of the world with which our political relationships are most strained and fundamentally unstable, while our understanding of the problems that confront us is confused by inadequate or misleading information.”

Since the end of the World War, partly because of the disorganized condition of business in Europe, America has made great strides in establishing business contracts throughout Latin America. The volume of our trade with the 20 Republics of Latin America for the year ending June 30, 1926, is placed at \$1,850,000,000. It would be impossible to exaggerate the evil effects upon this trade of the latest manifestation of the dangerous meaning of our Latin American policy in our relations with Nicaragua, reviving, as it does, bad memories of what has all too

recently gone before. The Kellogg-Coolidge policy as practiced has raised a fierce storm of criticism and denunciation throughout Latin America. Indeed, it has caused a hissing throughout the world; but let us confine our attention now to Latin America. Unless something is done in the near future to abate this storm of just indignation, not only will the possibility of the growth of this increasingly necessary Latin American trade be destroyed, but all of the friendly foundations for trade recently established by legitimate American business will also be destroyed and all of the old obstacles that stood in the way of commercial intercourse between the United States and the republics to the south of us be re-erected in more unyielding manner. Now is the time for all men of genuine good will in the field of legitimate American business to make an effective protest against a policy that spells trouble—and nothing but trouble—not only for legitimate American business, but for America herself.

I bring this speech to an end with this solemn warning to my fellow countrymen. Even if I should be disappointed in my hope that the American conscience will be aroused from its lethargy in time to save the day for American honor and the American tradition not only of respect for the opinion of mankind, but of a deep feeling of genuine good neighborliness toward all members of the family of nations, especially those with democratic ideals, and even if I should be disappointed in my hope that the good, commonsense of the fair-minded American businessman engaged in legitimate business will assert itself in time to help solve this grave problem so fraught with ill to them and the whole country, I am still morally certain that the doom of dollar diplomacy is sealed. I have already referred to the man of destiny, who a hundred years ago

ventured to say, in substance, “The world be damned.” Also to another imperial figure, who grew dizzy as he watched the flight of his black eagle in ever-widening circles, and ventured to say, in substance, “The world be damned.” The heavens and the earth are full of signs today for those who have eyes to see that if America persists in traveling much farther along the path in which her feet are today set by the administration in power, her attention will be called to the fact that this path leads to the a precipice, at the bottom of which lie the proudest banners that the sons of men ever held aloft, as in battle formation they marched toward their selfish objectives in fine disregard of the eternal rights of men and of other states, whether small or great. Let us not, unless we would woo the whirlwind of a justly outraged world, substitute for “righteousness exalteth a nation” any maxim of junkerism that looks or sounds even remotely, like “the world be damned.” This world simply does not intend to be damned, by any imperial individual or any imperial nation. That kind of junkerism, however camouflaged to suit the times, will win us neither honorable nor lasting victories. It will serve only to bring us quickly to dishonor, and in the end, after we have been morally isolated, to certain merited destruction. The universe in which we are living is a moral universe. In the end, right not might, justice not injustice, truth, not a lie, prevails. (Applause)

Mr. Willcox: The next speaker whom it is my great privilege to introduce to you is a member of our Club who has been with us nearly all of the years since the Club was established. He is a prominent businessman of the City and a thorough student of our economic problems. I take great pleasure in introducing Mr. Francis H. Sisson. (Applause)

The Honorable Francis H. Sisson

It is a very great relief to feel that coming to you as a banker and a businessman I do not have to deal with political phases of this subject, which have been so fully covered. (Laughter and applause). As indictment upon indictment was poured upon the American businessman and the American administration, I could not help but think of an incident in a little town where a certain citizen was seen coming down the main street one day, looking very blue and very glum, and one of his friends stopped him and said, "What has happened to you?" He said, "I have just been having some teeth pulled." His friend said, "It was pretty bad, wasn't it?" He said, "Yes, but the dentist gave me a drink after every tooth he pulled." So his friend said, "What is the matter?" Did he run out of drinks?" He said, "No, I ran out of teeth." (Laughter) And I hope sincerely that we have run out of indictments of the American businessman, and that he may have a chance in court for a few moments.

Irvin Cobb tells the story of an old darky who was a good deal of a rascal, who came home one night and said he had been elected Deacon of the Colored Baptist Church. Mr. Cobb said, "Sam, you old rascal, how in the world did you get elected?" He said, "I don't know just how it was unless it was that the rougher element of the congregation demanded representation," (Applause), and so, coming before you as I do, I am not at all ashamed as representing that group frequently spoken of with great critical discernment in Washington, as international bankers, and

in this particular situation representing, much more pertinently, the Guaranty Trust Company, which happens to be one of the institutions that has loaned money to Nicaragua. But I still maintain the right to represent those interests and to present a few facts which may be important (Applause).

I recall with much interest, shortly after the war, when Premier Hughes of Australia happened to be visiting the States here, and was the guest down at our institution one day, and one of the men around the table asked him if he would mind telling the little group there just what he really thought of Lloyd George, anyway, and Premier Hughes after a little hesitation said, “He is a good deal of a fellow. He is an eloquent speaker and a man of wonderful vision, but he is one of those fellows who will never stand any damn nonsense from a fact.” (Laughter). And so, unfortunately, we do have to deal with them in American public life as well as in American business, and so I am going to confine myself not entirely to statistics, but, I hope, to facts only.

I was down in Texas at a bankers’ convention and was very much amazed to find in one of the hotels that had been equipped in anticipation of the Democratic National Convention, in all probability, with a very wonderful sprinkler system and in order to reassure the guests that that sprinkler system would serve its purpose, they put little cards in all of the rooms which announced that the sprinkler system was there for their protection, and that statistics proved that no building in which that sprinkler system has been installed ever suffered the loss of life, and the card went on to say that while the guests in the hotel in the event of an emergency might get

wet, they could not be burned. Some wag came along and added a verse which was so good that

I have consigned it to memory, and it runs like this:

“Now I lay me down to sleep  
Statistics guard my slumbers deep;  
If I should die I am not concerned;  
For though I might get wet I won’t be burned.”

(Laughter)

And so I feel that I may perhaps stick to statistics within reasonable limits, in order to save the indictment that I am sure any international banker would get in such a situation as this from a representative of the Democratic Party at Washington. (Laughter)

But there are important things to consider in that situation aside from the political theories that have been advanced. I remember very distinctly a story that illustrated the point of view some years ago. I happened to be serving as assistant chairman of the Railways Executive Committee and I was riding down one day in the private car of the Chairman of that Committee and as a guest on that trip happened to be Attorney General Knox, and Knox in a very interesting mood was telling of some of the experiences he had had during his term as Attorney General in the Roosevelt administration, and among other things he talked about the Panama Canal and its construction and some problems which related to it. And as he told the story which I think bears repetition, he was called in after the plans had all been made and the course of action decided upon and asked to pass upon the legality and the constitutional right of procedure outlined, and Knox took the papers home and went over them carefully and brought them back a few days later, and went to President Roosevelt and said, “I have been over these papers very carefully and

I recognize thoroughly the great necessity of the procedure that you have followed as a measure of expediency and necessity both. But I think it better not have any taint of legality on them, and therefore I do not believe it is necessary for me to render an opinion, and his argument was that the law of international eminent domain, if you please, and the greater good of the greater number, if you want to call it that, progress of the human race and development of civilization, were larger issues than other issues that might be raised in the study of what was so obviously a thing in the interest of commerce and civilization. Not that I am presenting that as an argument in this situation, but that is a consideration that we ought not to lose sight of entirely.

There is another thing that occurred to me, and that is a quotation that I saw not long ago from a very distinguished English journalist who was discussing this problem at some length, in which he made the statement that in Great Britain commerce and statesmanship are regarded not as rivals but as allies, and so I just regard this situation here as one of common interest, for, after all, I think American business can rank up with American politics on the scale of morality or any other scale, as far as that is concerned, (Applause), and the services that we are rendering our people, and the services that we are rendering to our civilization speaks for itself on the whole. When we reclaimed the deserts of Peru, and the swamps of Panama, and established order in Cuba, and developed these countries to the south with our capital and our inventive genius, and our industrial vision, those stories and those achievements speak for themselves, and I am quite willing to rest our case upon them.

I don't know what this charge of imperialism means. I don't know what it is that the American businessman is segregated as a thing apart. After all, we are all American citizens working for the same end, and the prosperity of American business is linked with and reflected in the prosperity of American politicians just as much as it is in the prosperity of American bankers (applause). And I believe it is a perfectly defensible course for any American citizen to take when he favors a course which means the protection of American business interests, because I assure you gentlemen that the dollar of the investor cannot be commandeered in our democracy. It must be invited, and it must be protected, and if American business is to enjoy the expansion and the opportunities for foreign trade that have come up and are so promising today, they must have some assurance of that protection and of that cooperative interest which is characteristic of every other great business nation. Our American dollars are not going to journey around the world in search of these trade opportunities unless they have reasonable assurances, and I don't mean to say that we need to start a war every time somebody fails to pay a debt, but if we can put behind American business abroad the power and intelligence and wisdom that has stood behind the English businessman in his progress, even if it had to be the English fleet with its sixteen inch guns, I am for it, and I am sure it means the development and progress of the world and of humanity, and I challenge any man's right to lay down a rule of morals about these things, because I have lived years enough to know that there isn't any such thing; that in our early youth and in our early enthusiasm and frequently from ethical platforms, we say that black is black and white is white, whereas, as a matter of fact, I have long since got to the point where I think it is all a splotchy grey. Just where the line ought to be drawn I do not presume to say, but I do think

that it is well worth our while to look into this situation from the facts that are presented, and to analyze the opportunities that they present. Our mutuality of interest is so clear, that it is perfectly absurd for us to get into a conflict with Latin America, because they need us just as much as we need them. Latin America needs our surplus funds and products. We need their materials, and their resources. Now, if we can work out a procedure where we can move along the line of protection to the interests of the businessman and the execution of contracts and the adjudication of litigation along sound lines, that is all we ask for. That is all that we have been asking for and that is all that we seek now in this situation so far as I understand it, and in so far as I have observed I know of no instance where the American businessman has not acted in perfect good faith along those lines.

I don't know what these terrific plans of exploitation of lesser nations are. I live in a pretty busy world downtown where these things are discussed, and I know of no instance where American business ever sought the exploitation of anybody, and if there be such instances I would be glad to have them cited.

So I see in this situation the vision of a profitable relationship, a relationship that is mutually profitable, just so much for them as it is for us.

I was very much interested in checking back on the figures to find that the United States has invested more capital in Latin American countries than in any other part of the world. The

foreign investments of the United States at the end of 1926 are estimated as follows: In Latin America between four and a half billion and five billion; in Europe about three billion; in Canada about \$2,800,000 and in other countries something less than \$1,000,000,000, making a total investment of American capital abroad of somewhere between \$11,000,000,000 and \$12,000,000,000. That is our stake in Latin America, and that is the stake of the American businessman that has been placed there, and if it should show a good profit, it is also a profit to the country where it has been placed, and so far from being a point of antagonism in the relationship, it is a point of harmony, harmonious cooperation and mutual profit for the most part.

In the last ten months loans to Latin America have been going on at ever increasing volume, until today that percentage of our investment there is even larger than it was at the end of 1926. The interest on these loans ranges all the way from four and a half percent to eight percent, depending on the character of the loan and the risk involved. Some are short term loans and some are long term loans. Of course you know that the conditions under which a loan is made and the degree of risk always determines the character of the interest rate and the terms of the obligation. The above figure covers only securities publicly offered, because besides those amounts there are other large amounts of direct investment in Latin America made by private corporations out of their own funds, and made by investing in many of their activities down there. For instance, our packing industry has a very large investment in Latin America today made almost entirely out of their own funds, something like \$60,000,000, of private investment in that part of the world.

These investments are increasing rapidly all the time and are bound to increase as our surplus capital accumulates, and business opportunities may show.

Another thing, these investments have been made very largely since the war. That opportunity has come because European nations were not in a position financially to take advantage of that situation and because we here had accumulated a large amount of surplus wealth. Of course, we have in Cuba and in Mexico very large investments. Our sugar investment in Cuba and our oil investments in Mexico probably are our largest investments and about as far as it can be estimated are one billion and a half dollars in each place. But we also have large investments scattered all down the line. That has led not only to a profitable return upon our funds but also to a very rapid expansion of foreign trade with these countries for trade does follow the dollar, and the investment of American capital is progressing and American business, of course, and the development of trade is going on by leaps and bounds since the war until today the United States has a commanding position in every country of Latin America with the possible exception of Peru where the percentage seems to have fallen a little against us. Of course, the Panama Canal was an important factor in its development, and perhaps its opening and its use is alone a sufficient reason for the course that has been followed. That, and the World War, and then the fact that following the war we had placed at our disposal a fleet of merchant vessels which were very wisely adapted to that service, and began to develop Latin American ports through the use of our new-found fleet, in a very profitable way, and we have also developed our communications; telegraph and cable lines have been developed there very rapidly, and the

development of transportation, and the development of communication, the development of financing and the development of trade have all gone hand in hand. Another factor, and a very important one, is that American business has learned how to ship things to Latin America. The American businessman has had the advantage of the years of study that our Government Departments have given to this subject and has learned how to pack his goods and sell his goods, and how to merchandise generally in an intelligent and acceptable way, which is something that he did not use to know how to do, and that has been a very important factor in the development of that trade, and he is learning more and more all the time.

Another important factor I may say, with all due modesty, is that American banks have gone forward and extended credits upon a basis which made it possible to do business there, and which has helped to develop the large volume of trade which the American businessman is enjoying there now. Besides that American banks have established branches in Latin America and are doing a very active and aggressive business, profitable to themselves and I hope certainly profitable to the American businessman and profitable to the country in which they are located, and the result is that the American manufacturer and shipper and exporters have all gained knowledge and experience and have developed resources which makes it safe to promise that our Latin American trade is only beginning and that in spite of the fact that Europe itself is rapidly being restored to industrial activity that we may expect to maintain a supreme position in Latin America. With our mass production methods and with our superior equipment along many lines we can compete with the lower wages of Europe in Latin America, and feel that we will be in a

very strong position when Europe does get back more actively.

The truth of the matter is that the American businessman has met this opportunity splendidly and so far as I know, I am glad to say, has met it fairly, and I would be very loath to believe that any action had been taken by American bankers or businessmen that have not been based upon mutual interests and based upon an honest regard for the other fellow's rights, and based upon the accepted rule of fair dealing and honest practice. Certainly there is no indication of anything to the contrary that the casual observer can see, and I am glad to say I have been more than a casual observer.

Now, the future of that situation of course, is doubly assured by the cooperation of American banks and businessmen which they have had from our Federal Reserve System, for back of it all stands that great banking system which has been the strong support of American business throughout this whole period of readjustment. Creating a market for commercial bills by the Federal Reserve Banks and supporting the American banks in their expansion through facilities of the necessary type, has been the main and important factor in this development, and in that field we have shown intelligence and foresight and considerable vision in building up a system that can be expanded to meet such opportunities and needs as those.

Just to show you the percentages of our position in relation to Latin American trade to the United States, the ratio of foreign trade is larger today than it ever has been before, of course, but it is

larger in every Latin American country, as I said, with the single exception of Peru alone, though in every other country it has increased every year, and that percentage increase is to me a most reassuring thing. In other words, we are becoming constantly a more dominant part of their foreign trade. We not only are sending them more of our goods, but we are buying more and more of theirs, which makes reciprocal relationship upon which sound business can always be built. That percentage, I may say, also has decreased for Germany and France and England in pretty much the proportion that it has increased for us, as might logically be expected. So we are today the largest exporter of goods to those Latin American countries and have the largest financial stake in them, and while we may be asking a good deal to ask for that degree of cooperation and understanding with our Government which other countries enjoy, still I feel that that great stake that we have there certainly warrants their consideration and their friendly interests and I hope the day is not entirely to be unanticipated when that phrase of “commercial allies” may be properly applied to our Government and our business.

I assure the distinguished Senator that there is n feeling on the part of American businessmen that they are unduly coddled by their Government, for they have to struggle day in and day out to keep their heads above water in order to solve the problems that their Government places upon them, and to feel in this particular instance that they are in a situation where they are being unduly benefitted by the Governmental policies is certainly a very unusual and delightfully novel experience by way of exception, because it is not true of American business as a whole. Of course, when the tide from Europe begins to flow in larger proportions, we will see some shifts

of trade relations and we will see problems in foreign exchange that will have some bearing upon that situation. We will see lower prices in Europe and higher prices here, and we may see a good deal of triangular foreign exchange that will not, in the first instance, see wholly to our advantage, but in the final analysis the course of economic history proves that it will be. It will be all the same to us whether we sell to A and A sells to B, if B buys from us, as if we sold to B in the first instance, and so there was no necessity for the efforts that our Government made some time ago to force the bankers to tie up every loan made by this country to a foreign country with the proviso that they buy American goods with the American money loaned. There was no necessity whatever for that. The leading nation always enjoys the advantage that situation creates, and whether it comes back from A or B or C, is all the same to the lending nation and to the lending businessman, and while trade follows the dollar inevitably, it is always decidedly incumbent upon us to see to it that that dollar is wisely invested and is reasonably protected and has behind it the support not only of these banking institutions, but of its proper authorities.

And so we face today a great opportunity for our business expansion in countries that are close at hand, and I think we face it cheerfully, and face it with a fair promise of reaping benefits greater than any we have ever enjoyed before. One of the most effective ways, of course, of increasing this business is to encourage the purchase of Latin American imports, for the creditor nation is nearly always an importing nation. There is only one way that the nations of the world can pay us what they owe us and that is with goods or gold, and we don't want their gold. We have got more gold than we need now. We would much rather have it in the offers of other nations where

it can help to stabilize the currency and stabilize business conditions generally, and so we must take those goods, and they must pay for it with this money. With the large surplus that we have on hand it is absolutely necessary that we move out into the rest of the world if we are to give them their most profitable use, and also with our large surplus production, for the truth of the matter is that America's prosperity depends almost entirely upon our ability to market that excess and surplus product in foreign countries, and we must look forward to those markets, and we must use the best intelligence that we have and the reserves that have been accumulated during this period of great prosperity in the furtherance of those foreign markets in order to insure our prosperity.

This year 1927 our trade balance was about \$681,000,000, whereas in 1926 it was only \$377,000,000, which shows that our imports were about \$300,000,000 less than they were the year before. Why that happened is a little difficult to analyze at present. But as the world goes on paying its debts and readjusting its relationship with our creditor position, that situation is bound to disappear and that trade balance to be less large.

As the Senator said our foreign trade with Latin America in 1926 was about \$2,000,000,000 as against three and a half billion with Europe, and this year it is very apt to be about the same. We exported to Latin America \$875,000,000 in goods, and to Europe a little over \$2,000,000,000. In 1926 our imports from Latin America were about \$1,000,000, and from Europe one million and a quarter. So you will see what those relations are.

Then, to sum it up briefly, the necessary factors in the furtherance of these economic relations that we are trying to establish would seem to me first to be protection for invested capital; no special privilege, but just the rational protection that property and capital enjoys and has a right to enjoy wherever it has a place in the development of business and in the service of the world at large. In the next place there must be Government cooperation and commercial information, as well as protection of property, and I am glad to say our Government has given to the businessman splendid cooperation in that field. In the next place, banking cooperation in both long term and a short term notes, plus constantly improving communication and transportation, in order to meet the market requirements of South America intelligently and without any taint of imperialism. In the next place, ability to meet European competition by mass production, in order to offset the advantage that they enjoy of lower wages and, finally, increased imports and increased exports. Those are the important factors which the situation projects and which, I am sure, will all be duly taken care of.

We are today the greatest creditor nation in the world. Somebody figured out the other day at Washington, and I was very much interested in the compilation, that we had about \$25,000,000,000 of foreign obligations today, of one kind or another, and accepting the depreciation which some of these foreign obligations are bound to have in readjustments, we still have a tremendous credit margin, although some of the foreign countries do not take quite the same attitude toward paying their debts that American business does. I heard that illustrated by a

man telling of the colored man who owed a note to a bank, and he was called in and asked to settle, and he refused to do so and the cashier said, “Do you want us to understand that you refuse to pay this note?” And he said, “I don’t refuse, I just refrain.” (Laughter)

So probably as we get this thing settled down to what we can actually get, we will have something like \$16,000,000,000 which we can really count on as collectable obligations and that puts us in a position of very great advantage in the world markets, of course. Our foreign securities have been selling at the rate of \$1,000,000,000 a year. Last year they were a billion and a half, and they have been attended by tremendous development of foreign trade in many places where we never were before.

Now, I do not want to be put in the position of arguing a situation or, on the other hand, of presenting these business facts. I only know the fact that American business is out to do big things. I heard a man illustrate it the other day by telling the story, the hypothetical story, suppose a group of men from various nations should start out on an elephant hunt in Africa and then come back home, and each one of them would tell the story of his experience. The Englishman would call his book, “Shooting Elephants,” and the Frenchman would perhaps call his book, “The Romance of Elephant Life,” and the German would call his book, “The Pathological and Psychological Study of Elephants Life in Four Volumes,” and the Pole would call his book, “Elephants and the Polish Question,” and the Russian would call his book, “Are there such things as Elephants?” But the American would call his book, “Bigger and Better Elephants.” (Laughter)

So far as I am concerned, I am glad of the fact that American business, big business, if you will, has been possessed of that spirit of progress which has carried him out to the world and helped to establish markets for American commerce, and which has sought the protection of the American flag to protect his legitimate endeavors, and which has thus even been of vital assistance to the American farmer, because I assure you had the American banker and the American business man not helped in the expansion of America's foreign trade, there would not be nearly as much wheat sold in foreign markets. It is a part of the picture, we are all part of the picture, you and I, every one, businessmen and bankers, and it is our general and joint problem, and it cannot be distinguished and segregated, one interest from another. Such an attempt seems to me to be entirely ill-founded, and I hope that we can establish that sense of alliance, that sense of common interest, that sense of cooperation, which is absolutely necessary to bring about this situation. During the war we used to broadcast many appeals for that sort of thing, and so there comes into my mind that verse of Rudyard Kipling which seems to me to point the moral for this thing:

“It is not the guns or armament or money that you pay,  
But the close cooperation that helps us win the day;  
It is not the Navy or the Army as a whole,  
But the everlasting teamwork of every blooming soul.”

(Applause)

Mr. Willcox: It is a matter of very deep regret that owing to his illness Professor Shepherd who is on the program to speak tonight is not able to be here. But we have been very fortunate in securing another gentleman to come here whom I am sure you will all be glad to welcome,

Professor Samuel Guy Inman of Columbia University, Who will now speak in place of Mr. Shepherd.

Professor Samuel Guy Inman  
Columbia University

I labor under some difficulties. In the first place I have not been able to be with you at your program because I have had some two hours with a class up at Columbia, and in the second place I am not aware of what has been said and so I may be going over some of the same ground. Probably I shall not, however, since I am not an economist and what I shall say shall be somewhat from the standpoint of the other side of the shield, that is how the economic frontiers look from the other side of the frontiers.

It seems to me in the first place, speaking about our exporting, that about the finest thing that the economic and financial force of the United States have exported during the last few years is Mr. Dwight Morrow to Mexico (applause). I was in the University of Mexico this summer for some six weeks delivering a series of lectures, and found just how difficult and how deadlocked was the situation between this country and Mexico. After being entertained at luncheon by the Minister of Foreign Affairs whom I had known since he was a boy, and after some three hours and a half of discussion about our differences I finally said to him, "Well, now, just what would do the trick? How can we get together, forgetting all of these difficulties? What is the way to get

together?” And he replied quick as a wink, “Why, all we need is just a very little bit of good will.” I came back and I wrote that in the New York Times, and very many people thought that I was entirely mistaken and it looked then as if it were going to be ten or fifteen years before we would be able to get together at all with Mexico. But now look at the difference in the situation, with just a few weeks of this “good will”, just a little bit of good will.

Of course we know that the fundamental problems still exists, but we never could have gotten to the place where we could discuss those fundamental problems with any hope of solving them until we had had this “little bit of good will.”

One of the friends of Mr. Morrow told me that he was lunching with him just the day before he left for Mexico and knowing that Mr. Morrow had not been any specialist in studying the history of these Latin American countries he said, “Well, Mr. Morrow, what are you going to do when you get down to Mexico?” Well he said, “I don’t know, but I can like ‘em.” And, my friends, that is what we need. We need a real liking for these Latin American s to whom we are lending our dollars and selling our goods; a real appreciation of them and interpreting to them not only our economic life but the fineness in our cultural and spiritual life. It is not easy.

I ran across this situation down in Mexico this summer, that a big Boston firm had shipped an immense machine down to Vera Cruz and they would not receive it, and they had a lot of correspondence in the Boston man’s splendid Spanish and the Vera Cruz custom officials

answered in their magnificent English, but somewhere or other they could not get together, and finally it was necessary to send a man down from Boston to see why in the world they would not let that machine in. When he got down to see the customs official at Vera Cruz he was led out on the wharf and there this great immense machine was, and they ripped off a couple of planks and got down to these words which were stamped on the machine, “Five hundred revolutions a minute.” (Laughter)

For many years Washington and Mexico City have been passing back certain words with just about as much getting together over what those words meant as the Boston man and the Vera Cruz official got together on what revolutions meant. Washington has been saying, “It is retroactive, and it is confiscatory,” and Mexico has been coming back and saying, “It is not retroactive and it is not confiscatory,” and we have had these arguments back and forth, and it rested for Mr. Morrow to go down there, in the first place eat hot cakes or whatever the president happens to have for his breakfast, with him, and to begin on a perfectly normal human basis.

I have known Latin Americans for many years, with ten years residence in Mexico and during the last twelve years traveling some part of every year in these southern lands, and I do believe that a great many of the things that stand between us are simply because we haven’t this “little bit of good will.” You probably have already been told about the very remarkable development of our economic relations with these Latin American countries. There are four outstanding facts, as we have this inter-American relationship meeting at Havana – There are four outstanding

facts; first, our rapidly multiplying economic interests in Latin America; second, the growing expansion of the political influence of the United States in these southern countries; third, the paucity of spiritual and cultural inter-change between these lands; and fourth, the natural consequence of growing misunderstanding and suspicion.

The growing development of our economic relations is well illustrated by that great procession of armored cars that many of you probably saw a few weeks ago, which moved for hours from the Federal Reserve Bank in New York across the ferries to the steamship piers in Hoboken, carrying one of the largest shipments of gold ever made in the world's history, and it was going to stabilize Brazil's exchange. At the same time Argentina has been getting these large shipments of gold. We have sent \$62,000,000 down to Argentina to help stabilize her currency. We are well aware that during the last few years our loans to these countries have multiplied in a marvelous way. In 1919 I believe we loaned to all of Latin America \$20,000,000. In 1926 we loaned to Latin America fifteen times that amount, that is \$317,000,000, and when the totals have been given to us for 1927 they will be still larger. I can remember at a luncheon in this very hotel some ten years ago when we were receiving a group of Latin Americans sitting next to a big New York businessman and he said, "Well, I don't have much use for this talk about the great opportunities for trade with Latin America. I don't think that there is anything to it." I wonder what that gentleman would say today, when we are actually doing more business with Latin America than we are doing with all of the Orient and all the islands of the Pacific, and when our financial investments in those Latin American countries are forty percent of our investments

around the world. Ten or twelve years ago we had just a little over a billion dollars, most of which was in Mexico, and now we have in round numbers five billions. Even in little Cuba, now we have a billion and a half dollars of ours invested in that little island.

Do you realize that we have more investments in Latin America than we have in Europe and in Asia? The figures would show about the same amount, I suppose, over \$5,000,000,000 in Latin America and about that in Europe and about \$700,000,000 in Asia, which would really make them just about balance off, with a little bit advantage to Latin America. In Columbia, for example, where in 1912 we had only \$2,000,000 invested, we have now multiplied that by sixty, \$125,000,000 in Columbia at the present time. In Chile, we used to have very little investments. I can remember my first visit to Chile in 1914. All down the west coast I did not see the United States flag float at the mast of one steamship, although Grace & Company then had a few freighters, but I did not happen to see a single ship floating the United States flag. When I went in to get my travelers' checks exchanged, I had to either convert them first into pounds or marks, and then get the Chilean peso, because there was no American bank, and nobody knew anything about the value of the American dollar. It had to be converted through European exchange first. Now, how different. American flags at the masts of our steamers; branch American banks all over South America, and the Caribbean, and the American dollar even used very often in the market places. A wonderful transformation in the development of our financial relations with those countries. It makes a fascinating story, and I for one am always glad to see the flag float at the mast of a steamer, and I am always glad to carry, as I carry tonight, from getting ready to go

down to Havana, one of these letters of credit from an American bank.

We cannot, however, my friends, as those interested not simply in business but interested as we are and must be more than everything else in the spiritual glory of this country, and in the maintenance of its high ideals, those high ideals on which our country was founded, we cannot be negligent of some of the dangers which these investments bring to us. In the first place I call your attention particularly to the matter of loans. Commerce does not carry, it seems to me, nearly so many complications as do loans, and particularly in those loans which have been floated in such a large way recently do we find the questioning of Latin America, and I am going to try to give you a little bit tonight of the Latin American side of the thing, because I am with these people a great deal and I think it will be helpful to us even from a business standpoint to understand what they are thinking. They are critical about the development of these loans, especially when they carry with them something of the supervision of their finances. There is no criticism of loans to countries like Argentina and Chile. They borrow their money on the same basis as any other country. But there is a question raised when the loan carries along with it certain contracts and particularly when they bind together the Government and the bankers. You know that on the 34d of March, 1922, the Department of State announced that because of the vital influence upon our future foreign relations it is the desire of the Government that it be duly and adequately informed regarding such flotations, that is the flotation of foreign issues in foreign markets, before they are consummated so that it may express itself regarding them, if it should be requested or seem desirable. No doubt this announcement was made with the idea that

it would give this Government the right to stop abuses connected with the making of such loans, but at least it is questionable whether that is always the only result.

Take, for instance, the loan to Salvador made some time ago which really set a precedent as to the partnership between the United States Government and the bankers in protecting the loan. The security for the Salvador loan is a first lien on 70 percent of the customs revenue which are collectable in United States gold and will be collected by a New York Trust Company through its representatives in Salvador. The Secretary of State agreed to the following in Article 11 of the Loan Contract: “In case there shall at any time arise between the Republic, the fiscal agent and the fiscal representative or any of them any disagreement, question or difference of any nature whatsoever regarding the interpretation or the performance of this contract, such disagreement, question or difference shall be referred to the Chief Justice of the Supreme Court of the United States of the said United States of America, for determination, decision and settlement by such Chief Justice and the parties hereto severally agree that any determination, decision or settlement made by such Chief Justice shall be accepted by them as final.”

You will realize that that is entirely a new departure in the matter of the Government undertaking to adjudicate any question which may arise. There was a great deal of criticism on the Cuban loan of \$50,000,000 which was floated a few years ago. The New York Times reported on July 15<sup>th</sup>, 1922, that while the Executive Department of the Cuban Government is trying to straighten out its finances and was considering a foreign loan, most of the Havana papers charged that

American financiers were attempting to force on Cuba another \$15,000,000 obligation, etc., The fact that Major General Crowder, personal representative of President Harding, was in Havana at the time and was urging the loan along with four other important measures, directing the Civil Service Law, improving the system of accounting and investigation of the floating debt and making the removal of Judges easier, probably added to the spirit of resentment, and all four of the measures were passed by the Cuban Congress and a loan of \$15,000,000 was authorized. But in the estimation of a Cuban writer the authority exercised by the United States representative “resembles that which as he said is exercised in other countries, etc.”

The Haitian loan of \$16,000,000 which was issued under the auspices of the Department of State, since the United States Government had its financial adviser and worked out that loan, has been greatly criticized throughout Latin America and especially the fact that as was brought out in the hearings of the United States Senate Committee that the financial adviser of the United States in Haiti actually held up the salary of the president of Haiti and all of his Cabinet for several weeks or months while they were deciding that they were agreeable to certain arrangements.

The President of Peru has objected to some of the financial arrangements which were being made with his Government. The Bolivian situation has been also considerably criticized, as Bolivia’s loan seems to go further than any of these others in giving the United States bankers the privilege of appointing two of the three Commissioners who shall have practical charge of all

the finances of Bolivia.

The Nicaraguan situation is one that is exceedingly difficult, and it seems to me that there has been a good deal of loose talk about the forcing of loans on Nicaragua. But we cannot get away from such situations as these, however, justifiable they may be. They do not read very good on the other side of the Rio Grande. For instance, on May 25<sup>th</sup>, 1912, when we had landed our first marines, the American Minister cabled to Washington, “Rumors have been current that the Liberals are organizing concerted action all over the country with the declared objective of defeating the loan. It is difficult to estimate how serious a measure this may be if well organized as the Liberals are in such a majority over the Conservatives. I therefore hasten to repeat my suggestion as to the advisability of stationing permanently at least until the loan has been put through a war vessel at Corintho.”

Mr. Knox replied to the last mentioned opinion from the American Minister by instructing him that Diaz – that name sounds strangely familiar – that Diaz should not be permitted to resign and that he should receive renewed assurances of the support of the United States, and that a United States warship has been ordered to Corintho.

We can very easily understand the necessity of those who loan money anywhere requiring proper guarantees. But if any of the audiences have ever been under the necessity of borrowing money probably they can understand a little bit of the reaction of the man who when he has to have it is

compelled to pledge a little bit more than he feels he ought to be made to pledge. The fact is that Latin countries are feeling that way, and especially the young university students and they are a powerful group in Latin America and becoming more and more powerful. They are coming to the same kind of a place that the old minister said the prodigal was. He said, “You know this boy went off to a foreign country and spent all the money he had and the old man would not send him anymore, and he had to around and pawn his overcoat, and then when he got that money spent, then he had to pawn his coat and then he spent all of that and then he went around, and then he did not have anything left but his shirt, and he pawned that and, he said, then he came to himself.” (Laughter)

Well, some of the young Bolivians and other of these Latin American students are beginning to come to themselves and they are beginning to ask, “Now, is it fair that a little group of our politicians has promised our customs and has here the foreign officials collecting our customs and directing our foreign affairs?” I only want to say, gentlemen, that those are serious questions in Latin America being asked now, especially by the youth. Latin America is awakening socially. A few months ago I stood in the Plaza of the oldest city on the American continent, Cuzco, Peru, away up in the Andes Mountains. I looked across from the Plaza to the great pile of ecclesiastical architecture. I took pains to stand, just where they stood, the Emperors of the old Inca Empire, which, you will remember, extended from Ecuador on the north far down to Argentina on the south. You will remember that they had a kind of socialistic, paternalistic organization; with the Inca holding all of the properties and distributing so much to each family, that all products were

brought and put into a common storehouse and thus the Inca Empire existed, when the Spaniard came over with only a few hundred soldiers. But he had his gun and his horse and he had his leadership, and so he conquered this great Inca Empire, and he began superimposing his foreign civilization on them, and here was the illustration over us, this great pile of ecclesiastical architecture, a whole block of it right in front of me, and right in front of me was a great church, one of the most beautiful churches I have seen in any part of the world. But that church was closed. To get inside of it and see the glories of the interior one had to go around to the sacristan, a couple of blocks away, and give him a free and get in to see the interior.

Next to that great church itself was a small chapel, and the chapel were carved in stone words translated like this: "Come unto Mary, all ye that labor heavy laden and she will give you rest," and inside was a small group of worshipers. Then on the other side of this great church was the famous headquarters of the Jesuits in other years, but now occupied by a university, one of the four universities of Peru. I went in it and talked with the students, and I never met in any part of the world a more radical group of students. They were entirely opposed to the Government in Lima. They were entirely opposed to the President and to the American advisers and to those who were bringing in North American capital. They were entirely opposed to the ecclesiastical organization. They had their faces away from all of that and they were looking out towards something new, as they thought, and they did not know when it was. But they did not want the old.

Here, then, was the representation of this new grouping. Now next to that was still another chapel, a former chapel, and over the door of that former chapel, what do you suppose the sign was? That was the headquarters for the Labor Union of Cuzco. Think of it. Why, ten years before I had been to Cuzco and there was not a laborer in the whole city that had the least idea that he had any rights. But here it was, an organization of shoemakers and carpenters, and I left this great pile of ecclesiastical architecture as built by the early Spaniards and went around on the other side to a great open air market, and there I found real Incas, dressed as they were five hundred years ago, talking the same language, and talking about what? Why, they were talking about the possibility of restoring the old Inca Empire.

Ridiculous, some of you would say. But yet, at least, that is some of the thing that is going through the minds of even the peons of these old days. And so I say, my friends, we have these new social developments and we have also these great financial developments of our own. And now we must find a way in which they can develop their own life. We must not hold them down, but we must find a way that they can develop and at the same time that the beneficial part of all this great flow of our finances shall go on down into these lands, and if I may have one minute more I think probably the most important thing of all is that we shall increase these spiritual and cultural contacts. Every country in the world is sending its university professors to South America, its great representatives. Lloyd George is in Brazil at the present time. Rudyard Kipling has just been there. Einstein has been to Argentina. All that we send down there are our commercial agents. I am not saying that they are not all right, but their business is not to

represent our cultural side, and so we ought to emphasize and amplify to them those great cultural and spiritual interests and phases of our life in order that they may understand that we too have a soul; that we too have a culture; and we should also at the same time bring from these lands some of their fine cultured people, that we may know them, May that be one of the results of the meeting in Havana. (Applause).

Mr. Willcox: We are fortunate in having with us tonight a professor of economics and politics of Hamilton College. In addition to being a professor he has been active in the political life of the State having served for several years in our State Senate. He has now for nearly three years represented his district in the Lower House of Congress where he has made a very fine record, and one of which his friends and constituents are thoroughly proud. I take great pleasure in introducing the Honorable Frederick M. Davenport of Utica. (Applause).

NOTE: THE HARD COPY OF THE SPEECH GIVEN BY FREDERICK M. DAVENPORT OF UTICA IS MISSING FROM THE ORIGINAL SCRIPT

Mr. Willcox: We are honored tonight by having with us as one of our guests of honor a leading editorial writer of England, and I want to introduce him to you for just a moment, Mr. Henry N. Brailsford, of the Manchester Guardian. (applause)

Henry N. Brailsford

Manchester Guardian

Mr. Chairman and ladies and gentlemen, I am very greatly touched at the honor you have done me in inviting me to this dinner. I take it as an honor shown not to my own person, but to the papers on which I have worked, and an honor done to the Manchester Guardian on which I have had my training and perhaps to the “London Nation” on which I worked for many years. The organizer of this dinner made a psychological mistake when he invited me to speak about any subject that might occur to me. The spirits of journalists operate only when you set them a subject. If he had given me a title and a headline I might have ventured to address you, but with the whole world to choose from, especially at this hour, I find my ambitions flagging. You heard the story from the last speaker of the geese. It reminded me of a story that came my way during one of my Turkish journeys where it was told of a certain Mullah that when he ascended the pulpit on a certain Friday, having forgotten to prepare his sermon, he looked down from the pulpit and he said, “Good people, do you know what I am going to preach about today?” And they looked up rather bewildered and they said, “Why no, Effendi, we don’t know what you are going to say,” and he replied, “Then what is the use of preaching to such stupid people,” and he descended from the pulpit, and the next Friday he entered the Mosque as usual and walked out in the pulpit and looked down and once more he said, “Good people, do you know what I am going to preach about?” And they replied, “Yes, Effendi, of course we do,” and he replied, “Why, then, there is no need to preach to you at all,” and down he went again. And the third Friday the same

thing happened and the same question, “Good people, do you know what I am going to preach about?” And they replied, “Some of us do and some of us don’t,” and this time his answer was, “Well, let those that do tell those that don’t.” (Laughter)

I feel very much tempted to walk down from the pulpit stairs with that word of excuse, but I could not refrain from just one little observation. It would be an impertinence for a stranger who has spent only a fortnight on your continent to offer any opinion whatever on the enormous subject that you have been discussing tonight, and yet no European could listen to these speeches on the problems of the contracts between great powers, and less developed peoples without reflecting on something of the problems and perhaps, too, on some of the tragedies of our own European history for, I think, the historian will come to say that in the last generation the history of the world has written mainly around that chapter; that chapter of the contracts of great powers with expanding investments in areas of opportunity, with all the rivalries that arose through their expansion, and the reflection of those rivalries in armaments.

Our history has been written around that chapter, and much of it has been written in blood. There is one thing that perhaps I think I might say without impertinence. In talking even to well informed Americans about the old world’s League of Nations, I have noticed, I think, that you perhaps hardly recognize the significance of some of the things that have been done rather quietly, almost as though it were by departmental action in the last year. I will give two instances. In one case Persia applied to the League for health officers. The health officers were

nominated and will, I suppose, presently go to organize the health services of Persia. There you get I think for the first time in the world's history an instance of a country, a very backward power which has resisted imperialism, Russian imperialism, British imperialism, and the two competing and the two uniting, which has resisted and remained backward while she resisted now finds that she has in Geneva a disinterested center to which she can go and ask for administrative assistance, and it is obvious that if you have developed an organization of that sort, and you can go to it now for health officer, tomorrow for a financial adviser, and the next day even for an organizer of gendarmes, the beneficial side of imperialism can be done without the risks of arousing the national fears of a proud people which will fight to the last ounce of its blood when those benefits come under a foreign flag, – maybe induced to turn to a disinterested international organization and open its doors.

The same thing has happened in the case of the Estonian loan, issued by a Little European State whose finances were somewhat embarrassed, which felt the need for an international loan. If it had gone to London, if it had gone to Paris, it would have met in one capitol or the other, with the usual conditions; I won't say what. You can imagine them; perhaps demands for railway concessions; perhaps demands for the building of ports; perhaps demands for loans which may have been spent on munition, perhaps even for military alliances and what not. It would have been in any event enmeshed within the political system either of France or Great Britain. It went to Geneva. It was able to get the loan and to get it without political conditions and even if in the worst event – you can imagine arrears in interest, imagine the risk of default – even if in the

worst event intervention or control should become necessary, it will be the control of a disinterested authority, and even in that worst event nothing need occur to the prejudice of Estonian independence and Estonian sovereignty.

I must not go on, but perhaps that little bit of a beginning, a new beginning in international life – there is too little of it – we cannot hold it up to you as a proud model; the whole field, the whole European field of imperialism has been a tragic field; but there is just this little beginning, a new beginning which we may perhaps point to without shame. I don't know whether it is worth your while at the outset of this tremendous experiment that you are making in your continent to consider whether anything on those lines might conceivably be worked out under the shadow of the Pan American Union. (Applause).

End of Meeting