



Charles Conant's Theory of Surplus Capital And Mexico in the American Imagination:

Preliminary Observations on American
Expansionist Visions during the Age of Empire

Richard Weiner

Associate Professor of History
Indiana University-Purdue University Fort Wayne
weinerr@ipfw.edu

Resumo

Este ensaio examina uma visão da expansão americana que enfatiza o capital financeiro. Charles Conant, um influente promotor do imperialismo econômico americano na virada do século XX, contestou a ideia de que a “crise de superprodução” que alimentou o imperialismo americano argumentando que o “capital excedente” foi o grande dilema que os EUA enfrentaram, e que isso só pode ser resolvido através do investimento no exterior. Uma versão da tese de Conant articulada em um periódico americano tratou dos investimentos estrangeiros dos Estados Unidos no México de Porfírio.

Abstract

This essay examines an American expansionist vision that featured finance capital. Charles Conant, an influential promoter of American economic imperialism at the turn of the twentieth century, contested the idea that the “overproduction crisis” fueled American imperialism by countering that “surplus capital” was the major dilemma that America faced, and that it could only be solved by investing abroad. A version of Conant’s thesis was articulated in American periodical literature about U.S. foreign investment in Porfirian Mexico.



Introduction

The historical narrative about American visions of economic expansion at the onset of empire is unbalanced. Trade and investment were both prominent themes in contemporaries' turn-of-the-twentieth-century expansionist economic discourse, but a historical narrative that can be cobbled together from the scholarship is lopsided since it highlights the former and underemphasizes the latter.¹ Indeed, above all, the historical narrative is a tale about desires to increase the volume of American exports (mainly industrial goods, but also agricultural products).² Scholarship by members of the previous generation of academics, particularly the work of "New Left" historians, documented this expansionist commercial design in some depth. In their story, a number of factors made exports prominent in American expansionist visions: concerns with overproduction in the age of mass production, an economy characterized by panics, fluctuations and depressions during the 1873-1898 era, insufficient national demand, social unrest, and the outflow of American gold.³

Even if more recent studies have tended to cri-

¹ The author would like to thank David Schuster and Steven Topik for their helpful suggestions for revision.

In this essay, "visions of American economic expansion" refers to the intellectual realm of expansionist and imperialist ideals, plans, and designs. An historical narrative of visions of American economic expansion can be gleaned from the general literature on U.S. imperialism and expansionism since many studies broach the intellectual context. For other works that take what might be termed a cultural approach to American foreign relations (in the sense of focusing on perceptions, attitudes, and discourses), but examine different topics than this essay does, see, for example, Emily Rosenberg, *Financial Missionaries to the World: The Politics and Culture of Dollar Diplomacy* (Cambridge, 1999); Frank Ninkovich, *The United States and Imperialism* (Oxford, 2001); and John Carlos Rowe, *Literary Culture and U.S. Imperialism* (Oxford, 2000).

² An historical narrative about European expansion also highlights exports, for in it colonies were largely envisioned as consumer markets for colonizers' finished goods. See Eric Hobsbawm, *The Age of Empire* (New York, 1989), chaps 2 and 3; and D.K. Fieldhouse, *Economics and Empire 1830-1914* (Ithaca, NY, 1973), 10-37.

³ Lloyd Gardner, Walter LaFeber, and Thomas McCormick, *Creation of an American Empire: U.S. Diplomatic History* (Chicago, 1973), 212-261; Walter LaFeber, *The New Empire: An Interpretation of American Expansion, 1860-1898* (New York, 1963), 150-196; Thomas McCormick, *China Market: America's Quest for Informal Empire, 1893-1901* (Chicago, 1967), 22-52; David Healy, *United States Expansionism: the Imperialist urge of the 1890s* (Madison, 1970), 159-177.

tique earlier scholarship's stress on economic factors⁴, newer works still weave a narrative of Americans' desire to export goods into the story of U.S. expansionism (JONES, 2009, 267-324; LANGLEY & SCHOONOVERT, 1995, 19). Furthermore, current scholarship that takes alternative cultural and literary approaches to the study of foreign relations and imperialism also underscores the prominence of export markets in the American imagination.⁵ In the narrative constructed by previous and current generations of scholars, the prime geographic region in an expansionist commercial vision was Asia, particularly China, but Latin America was also important.⁶ The U.S. acquisition of the Philippines was deemed important as a gateway to China, and the "open door policy" reflected Americans' concerns with breaking into the enormous Chinese consumer market.⁷ Further illustrating Asia's importance, the Panama Canal was envisioned as a means to strengthen America's commercial ties with the East as much as with its southern neighbors (NINKOVICH, 2001, 107; COERVER & HALL, 1999, 36-7, 51).⁸ Pan-Americanism mostly focused on increasing U.S. exports to Latin America, and America's formal and informal Caribbean empire was viewed, in

⁴ For a critique of the New Left's focus on economic factors see David Pletcher, *The Diplomacy of Trade and Investment: American Economic Expansion in the Hemisphere, 1865-1900* (Columbia and London, 1998), 2-3. Even though Pletcher challenges the notion that expansion was mostly driven by economic factors, he does acknowledge that in the mid 1890s there was a strong expansionist economic discourse that stressed America's need for foreign markets for U.S. goods. Pletcher, *Diplomacy of Trade and Investment*, 385, 395.

⁵ See, for example, Mona Domosh, "Selling Civilization: Toward a Cultural Analysis of America's Economic Empire in the Late Nineteenth and Early Twentieth Centuries," *Transactions of the Institute of British Geographers* 29, No. 4 (Dec., 2004): 453-467; Ninkovich, *The United States and Imperialism*, 153-4; and Rowe, *Literary Culture and U.S. Imperialism*, 165-193.

⁶ On Latin America see, for example, Don Coerver and Linda Hall, *Tangled Destinies: Latin America and the United States* (Albuquerque, 1999); and LaFeber, *New Empire*. On Asia see McCormick, *China Market*.

⁷ Numerous works make this point. See, for example, Healy, *United States Expansionism*, 176. Diplomatic historian David Pletcher terms this great American commercial interest in Asia the "myth of the Golden East." See David Pletcher, *The Diplomacy of Involvement: American Economic Expansion across the Pacific, 1784-1900* (Columbia and London, 2001), 316.

⁸ Further reflecting the dominance of the East in American thought, the acquisition of Hawaii and the Philippines made building a canal imperative. See David Healy, *Drive to Hegemony: The United States in the Caribbean, 1898-1917* (Madison, 1988), 80.



part, as sites for U.S. exports. (LAFEBER, 1963, 112-121; PLETCHER, 1998, 391)

The theme of finance capital is not nearly as prominent in this historical narrative about American expansionist visions. Even if scholarship has documented an expansionist ideal that championed American loans to foreign governments (i.e., “dollar diplomacy”),⁹ the more important form of America’s financial involvement abroad—private foreign investment—is at the periphery of the historical narrative about expansionist visions.¹⁰ For example, scholarship suggests that Charles Conant, the prominent American propagandist of imperialism who urged America to invest abroad, was something of a lone voice. Charles Conant’s imperialist economic vision championed expansion not due to the “overproduction crisis”, but rather owing to America’s dilemma of “surplus capital,” which, Conant maintained, made it imperative for America to invest abroad. Scholarship has largely examined his ideas about surplus capital in isolation, suggesting that his expansionist vision was uncommon. (HEALY, 1988, 194-209; MARROTTA, 1975, 34-37) Even when he is grouped with others it is just a handful of thinkers, which also suggests that his imperialist vision was rare. (PARRINI & SKLAR, 1983, 559-78)

This essay argues that at the onset of the twentieth century there was a prominent American expansionist economic vision that featured foreign investment. In journalism about U.S.-Mexican relations the American financial press envisioned investment rather than trade as the engine of American expansion. The point is not that Conant was the driving force behind perio-

9 On foreign loans see Rosenberg, *Financial Missionaries to the World*.
10 A specialized international business history literature has emphasized the importance of foreign investment as part of multinational firms’ strategy of vertical integration. There is a significant body of literature on U.S. foreign investment. However, this literature largely neglects expansionist ideals. Hence the academic discussion of foreign capital significantly contrasts with the analysis of foreign commerce, which documents an American vision of commercial empire.

dicals’ economic discourse. Rather, the argument here is that he was not unique. Adding the discourse about U.S.-Mexican economic relations to the story alters the traditional narrative about American expansionist economic visions. First, it diversifies the historical narrative by featuring finance capital more than commerce in a story that traditionally highlights the latter. Second, it places greater significance on the Western Hemisphere as a site of American economic expansion. If the commercial discourse highlighted Asia more than Latin America, the opposite held true for the expansionist finance capital discourse, for it featured Mexico.¹¹ Further tipping the foreign investment discourse towards the Western Hemisphere, contemporaries asserted that American investors’ success in Mexico would be replicated throughout Latin America.

Why was Mexico so prominent in an early-twentieth-century expansionist vision that featured finance capital? Geography, material conditions, and narratives about Mexico largely explain why. The turn of the century marked the first significant period of American economic expansion, particularly in the realm of investment, and Mexico was the main site into which U.S. expanded. Over half American foreign investments went to its southern neighbor. Geography, in part, explained America’s concentration on Mexico, for as economist Mira Wilkins explains, there was a “spillover” of U.S. economic interests (particularly the railroads and mining) into Mexico.¹² The U.S. was not the only foreign

11 U.S. investment in Mexico was discussed at much greater length than U.S. trade with Mexico, perhaps because America’s economic interests were much more concentrated in the former. Furthermore, the sources examined for this article usually examined foreign investment in isolation, not in conjunction with trade. Nevertheless, at times contemporaries discussed finance and trade together. But links between the two seemed stronger in discussions of foreign loans than foreign investment.
12 U.S. foreign investment increased significantly during the 1890s and really accelerated after 1897. During this period over half of all U.S. foreign investments were in Mexico. It has been estimated that between 1897 and 1902 U.S. investment in Mexico doubled, reaching \$500 million, and doubled again between 1902 and 1907, reaching \$1 billion. See Mira Wilkins, *The Emergence of Multinational Enterprise: American Business Abroad from the Colonial Era to 1914* (Cambridge, 1970), 70-71, 125.

nation with significant investments in Mexico, however. Mexico became a magnet for global capital, and prominent investors (such as the Rothschilds) from the world's leading nations (including Britain, France, and Germany) competed for dominance (TOPIK, 1992, 227-242). In this global battle for economic hegemony in Mexico, U.S. capital came out on top. More than half the foreign capital invested in Mexico was American (HART, 1987; KATZ, 1981). U.S. material success in Mexico provided economic incentives and an excellent story-line for an expansionist American narrative. In diplomatic historian David Pletcher's words (2001, 106), "In the field of direct investments (...) Mexico seemed to provide expansionists with a classic success story." Furthermore, the Díaz regime's public relations campaign encouraged the American press to report favorably on Mexico.¹³ Finally, conditions within Mexico—including its natural resources, geography, politics, history, and demography—provided excellent material for U.S. periodicals to write a triumphant narrative about American foreign investment.

If Mexico was so prominent in contemporary American expansionist economic visions, why has it been somewhat neglected in the historical literature about notions of American economic empire? One can only speculate. Perhaps the narrative about Mexico lacked the drama, controversy, and conflict of other turn-of-the-century episodes in American economic expansion. This incipient era of American expansionism corresponded with the period of Mexican history called the Porfiriato (1876-1910), a name

¹³ On the Díaz government's efforts to foster a positive depiction of Mexico in the American press (a project Mexican diplomats were especially engaged in) see Paolo Riguzzi, "México próspero: las dimensiones de la imagen nacional en el porfiriato," *Historias 20* (April-September, 1988): 136-157; and Kennett Cott, "Porfirian Investment Policies, 1876-1910," (Ph.D. diss., University of Michigan, 1980). Díaz also attempted to create a positive view of Mexico in America and the larger world by spending excessive amounts promoting Mexico at World's Fair Exhibitions. See Mauricio Tenorio-Trillo, *Mexico at the World's Fair* (Berkeley, 1996), 59; and Gene Yeager, "Porfirian Commercial Propaganda: Mexico in the World Industrial Expositions," *The Americas*, 34, 2 (Oct, 1977): 230-43.

derived from President Porfirio Díaz, who ruled Mexico during the era.¹⁴ During the Porfiriato, Mexico remained a sovereign and stable nation. Financiers from the United States and other nations quietly went about the business of investing in Mexico, and Díaz was praised as a model Latin American leader in American and European business and governmental circles. At this time (around the turn-of-the century), the U.S. was at war in Asia and Cuba, sending Marines to Caribbean nations, and President Roosevelt declared the "Roosevelt Corollary" to the Monroe Doctrine. During this busy period in American foreign relations perhaps scholars did not find contemporary U.S. business discourse about Porfirian Mexico striking. Indeed, the historical timing of American foreign relations perhaps partly explains why the expansionist commercial discourse was more noticeable to historians. An American expansionist trade discourse became prominent in the 1870s, and for two decades it did not have to compete with significant episodes in American foreign relations. In contrast, the expansionist financial discourse about Mexico became pronounced at the turn-of-the century, an active period in American foreign relations. Finally, even if we limit our "news" to strictly economic issues, perhaps scholars did not find the story of American finance capital in Mexico as compelling as the commercial narratives like America and the world powers fighting for access to the China market, and the U.S. constructing a canal to link the Atlantic and Pacific and thereby strengthen its global trade.¹⁵

Periodicals from the era are the main primary source that this essay is based on. Jour-

¹⁴ Manuel González, who ruled 1880-1884, was the only other person to serve as president from 1876 to 1910.

¹⁵ Perhaps a similar dynamic is at work in American diplomatic historians' studies of U.S.-Mexican relations. Scholars have focused more on popular topics such as war (the Mexican-American War), American military interventions (during the Mexican Revolution), and diplomatic controversies and intrigues (such as the Zimmerman Telegram and disputes over Mexican nationalization of American oil) than on U.S. investment in Porfirian Mexico.



nalism provides a window into American expansionist visions, for the daily and financial press produced a public narrative about America's economic role in the world. Few but significant periodicals are examined: The New York Times, the influential daily, Bankers' Magazine, which focused on international finance and investment, and Bradstreet's, an important commercial periodical that examined international trade.¹⁶ The fact that the primary sources utilized in this essay are suggestive but not exhaustive explains the rationale for the article's subtitle: "some preliminary observations." The time period examined is roughly the first decade of the twentieth century. Around 1900 is a sensible starting point because U.S. investment in its southern neighbor reached unprecedented levels at that time, and Mexico became more prominent in American economic discourse. 1910 is a logical end point since it was the year that the Mexican Revolution started, a decade long military struggle that altered American discourse about Mexico significantly. This essay is divided into three sections. The first one examines Conant's theory of economic imperialism. The second section shows that many elements of Conant's theory were implicitly and explicitly articulated in discourse about Mexico. The final section shows that there were predictions of U.S. success in all of Latin America based explicitly on American triumphs in Mexico.

Charles Conant's "Surplus Capital"

Thesis

Conant was a highly influential figure in American economic expansion. Not only did he play a key propaganda role as a journalist,¹⁷

16 On *The New York Times* see Meyer Berger, *The Story of the New York Times* (New York, 1951). *Bankers' Magazine* relocated to New York in 1853 (in 1846 it originated in Baltimore and after that had a short stint in Boston). Bradford Rhodes owned the journal from 1896 to 1902. In 1903 George W. Englehardt became the owner and E. H. Youngman the editor. For background on the journal see F.L. Mott, *A History of American Magazines*, vol. 2 (Cambridge, MA, 1957), 94-5. For background on Bradstreet's see F.L. Mott, *A History of American Magazines*, vol. 3 (Cambridge, 1957), 147.

17 Conant was Washington correspondent of the *Journal of Commerce*

but also as a government policymaker and negotiator (most notably by playing a leading role in negotiating foreign nations' adoption of the gold standard¹⁸). Conant made a very strong case for American economic expansion. In fact, before John Hobson, Rudolf Hilferding and Vladimir Lenin, Conant maintained that capitalism had to expand beyond national borders to survive.¹⁹ Despite his unwavering support for capitalism, he labeled economic expansion "imperialism."²⁰ Perhaps he used the term to underline his contention that American economic expansion was a necessity, and that any means, including military force, were justified to realize it. Indeed, he was well aware of the negative connotations associated with the word imperialism, but clearly did not share them. To the contrary, he articulated a pro-capitalist theory of imperialism, and suggested that imperialism had a positive effect on undeveloped regions.²¹

Conant made a strong public case for American economic imperialism in a series of

and the *Springfield Republican*, and he was a financial editor for *Bankers' Magazine*. He also published regularly in noted periodicals, such as *North American Review* and *Atlantic Monthly*. For a brief discussion of his journalism see Parrini and Sklar, "New Thinking about the Market," 563. For background on Conant's life and journalism also see David Healy, *United States Expansionism*, 194-5.

18 For an account of Conant's role see Emily Rosenberg, "Foundations of United States International Financial Power: Gold Standard Diplomacy, 1900-1905," *Business History Review* 59 (Summer 1985): 169-202.

19 Conant made a case for the necessity of finance capital to expand past national borders before these noted theorists did. See Parrini and Sklar, "New Thinking about the Market," 559-578; and Martin Sklar, *The Corporate Reconstruction of American Capitalism, 1890-1916* (Cambridge, 1988), 62-70. On the imperialist economic ideas (particularly finance capital) of noted theorists see D.K. Fieldhouse, *Economics and Empire 1830-1914* (Ithaca, NY, 1973), 38-62; Wolfgang Mommsen, *Theories of Imperialism*, trans. P.S. Falla (Chicago, 1977), 29-65; Richard Koebner, "The Concept of Economic Imperialism," *The Economic History Review* 2, no. 1 (1949): 1-29; and Norman Etherington, "Reconsidering Theories of Imperialism," *History and Theory* 21, no. 1 (Feb., 1981): 1-36.

20 See Conant's article entitled "The Economic Basis of Imperialism," republished in his work *The United States and the Orient: The Nature of the Economic Problem* ([1900] Port Washington, N.Y., 1971), 1-33.

21 Conant focused more on advanced nations' need to expand than imperialism's consequences on undeveloped countries. Nevertheless, he suggested that the consequences were positive. Here he states his opinion: "The writer is not an advocate of 'imperialism' from sentiment, but does not fear the name if it means only that the United States shall assert their right to free markets in all the old countries which are being opened up to the surplus resources of the capitalistic countries and thereby given the benefits of modern civilization." Conant, *United States*, 30.

journal articles he published between 1898 and 1900, which were compiled and published as an anthology in 1900 titled *The United States and the Orient*.²² In that work, Conant maintained that the late nineteenth century was a distinct era in which some features of classic economic liberalism had lost relevance. New problems had emerged that classic liberalism did not anticipate, theorize, or address. A case in point was the issue of economic expansion past national borders. Conant (1971, 126) maintained that in the distinct climate of the late nineteenth century global expansion was essential to the survival of capitalism. By locating the motor force of expansion as economic, Conant implicitly rejected notions of imperialism that highlighted politics and militarism. Conant depicted the underlying causes of national expansion and the force that dictated international diplomacy as economic. He asserted "It is this struggle between the great political powers of the world for bolstering up national economic power which constitutes the cardinal fact of modern diplomacy." (1971, 175)

Conant emphatically asserted that capital was the prime force that generated economic imperialism. The industrialized nations were compelled to expand owing to the dilemma of "surplus capital." In the developed nations, Conant maintained, productive outlets for capital were diminishing. He recounted the economic history of the United States to illustrate his point. During the nineteenth century the U.S. had developed a transportation network and also created a manufacturing sector based on large scale industry. Owing to America's high level of industrialization, national productive outlets for capital were scarce. More likely, investments

²² The articles in the anthology originally appeared in *North American Review* (2 articles), *The Forum* (3 articles), and *The Atlantic Monthly* (2 articles). For background on the publication and significance of *United States and the Orient* see Healy, *United States Expansionism, 195*. In addition to journal articles Conant wrote additional monographs including (among others) *A History of Modern Banks of Issue* (New York, 1896), which went through went numerous editions and *Wall Street and the Country* (New York, 1904).

would be "redundant" and thus returns would be limited. Thus, the United States suffered from the problem of "capital congestion." To solve the problem Conant strongly championed capital investment in "undeveloped" regions.²³

By arguing that surplus capital drove imperialism, Conant implicitly countered the notion that the "overproduction crisis", which made exporting finished goods vital, was the main force behind the economic expansion of advanced nations. Conant further downplayed the overproduction problem by maintaining that it would resolve itself once the prime dilemma of "capital congestion" was solved. Investing surplus capital abroad instead of in redundant national industries would decrease national production.²⁴ Further, investing in—in Conant's terminology—"undeveloped" areas would stimulate them economically and increase their ability to consume imports, which would further alleviate the overproduction crisis. (1971, 74)

Conant argued that American economic expansion was not only vital because of domestic problems, but also international dilemmas. The European powers and Russia had already expanded, thus it was imperative that the U.S. immediately enter the fray. Conant employed social Darwinist rhetoric that made American expansion vital. He described the global arena as a fight of "survival of the fittest." The U.S. was impelled to enter the battle "by an instinct of self preservation." (1971, 123) The European powers, like the U.S., had no alternative to expansion. All "industrialized nations" (which Conant also labeled "civilized nations") experienced the problem of "congested capital." Conant identified America's most potent threat as Russia, and dedicated an entire article to the danger it posed. (1971, 34-60) He also warned about the

²³ On the problem of surplus capital and the need for expansion see Conant, *United States*, 73, 79, 105.

²⁴ Conant referred to them as "rival plants." *Ibid.*, 117.



threats posed by France and Germany. Despite Great Britain's economic power, he depicted British-American economic relations as more harmonious. Conant's racialist ideas (he described the two countries as "Anglo-Saxon nations") coupled with the fact that relations between the two countries improved around the turn of the century perhaps explain his less threatening characterization of British-American relations.

Conant argued that the U.S. would win this international battle; thus America would become the dominant world power. In an article entitled "The United States as a world power—their advantages in the competition for commercial empire" he explained why. (1971, 190-227) One of America's advantages, he maintained, was racial. He emphasized the superiority of "the Anglo-Saxon race, especially Americans." (1971,203) Thus, in contrast to David Ricardo and the classical political economists of the early nineteenth century, the concept of race loomed large in Conant's analysis. It is worth noting that Conant was not unique in this regard, for during the latter part of the nineteenth century the Enlightenment's Universalist project was attacked. A component of this challenge focused on the labor force.²⁵ Ricardo's concept of universal economic man, which implied a horizontal and egalitarian social body not unlike the social system associated with the political concept of citizen, was undermined by the notion of a racial hierarchy of workers.²⁶ This reflected a nineteenth-century conception of race, which emphasized the distinctness of different racial groups and posited that some races were superior and

²⁵ In general, nineteenth-century racialist ideas had a greater impact on popular economic discourse than academic economic studies. On the limited impact of scientific racism on academic political economy see Joseph Schumpeter, *History of Economic Analysis* (New York, 1994), 791-2.

²⁶ To create an explanatory economic model, Ricardo represented humans as one-dimensional and universal. He depicted them as material beings whose principal desire was to maximize profit. For analysis of Ricardo's concept of economic man see Allen Oakley, *Classical Economic Man* (Brookfield, VT, 1994), 123-141; and Peter Minowitz, *Profits, Priests, and Princes: Adam Smith's Emancipation of Economics from Politics and Religion* (Stanford, 1993), 63-93.

others inferior.²⁷ Despite Conant's focus on race, he was not a biological determinist, but rather an economic and political determinist. Americans, he contended, were superior entrepreneurs because of the structure of the American economy. A history of limited state intervention had created a highly productive business class. Thus, Americans had a racial advantage that stemmed from their history of "comparative political and economic freedom." He stressed the importance of this advantage, maintaining that businessmen were essential to firms' efficiency and productivity. (1971, 203-208; 223)

While Conant mostly analyzed the national and international factors that made American economic expansion a necessity, he also examined "undeveloped" regions that would be fruitful for the U.S. to expand into. Conant's overriding concern was the way that host countries treated U.S. capital. Conant's focus on social and political conditions in "host countries" contrasted with the classical school. Ricardo examined resources, geography, and labor, not social stability. Scholar Eric Hobsbawm reports that some members of the classical school took this position to such an extreme that they eschewed international economic theory altogether and instead conceived of all exchange as between individuals. In contrast, Conant's overriding preoccupation with American expansion into undeveloped areas led him to focus on economic, social and political conditions in host countries.

The prime "undeveloped" areas he targeted for investment were Asia and Africa. (CONANT, 1971, 76;79;84;97) The focus on the former is unsurprising given that the word "Orient" was in the title of his book. He also mentioned South America, but very infrequently. Mexico was not mentioned at all. Why so

²⁷ On scientific racism and racial hierarchy see Stephen Gould, *The Mismeasure of Man* (New York, 1981); and Michael Banton, *Racial Theories* (New York, 1992).

much more mention to Asia and Africa than to Mexico and the rest of Latin America? Conant provided no explicit explanation. But one can speculate. Perhaps Conant's political agenda partly explains his geographic focus. The United States already had a strong presence in Mexico, Central America, and the Caribbean. Conant was advocating a policy of increased American engagement in Asia and Africa, regions where the United States' presence was weak and the European powers dominated. His book was a call for the United States to take a more aggressive expansionist policy in those regions. If America did not, it would be boxed out by the European imperial powers. Conant's analysis implied that economics may have been another factor. He discussed profitable outlets for surplus capital more for the cases of Africa and Asia (railroads, electricity, modern machinery, and production (1971, 106) than for the case of Latin America, which suggested that economic conditions were less advantageous in the Western Hemisphere. Additionally, Conant suggested that the policies of host governments in Latin America were unfavorable, which may have been another disincentive. Conant put it this way: "The government of freebooters and financial adventurers is coming to an end in Europe, Asia, and Africa, and it may be the mission of the United States to bring it to an end in portions of Latin America." (1971, 74) Thus, Conant suggested American tutelage of host governments was required to create the proper conditions for U.S. capital in Latin America.

Conant's distinct strategies for penetrating undeveloped regions reveal that his plans to achieve U.S. imperialist designs were not dogmatic. Rather, he seemed to be more of an empirical pragmatist, prescribing methods based on the situation. Morality and ethics, he stated, were not an issue. Rather, the central matter was creating proper conditions for American capital.

(1871, 29-30) For example, when discussing expansion into the Orient, he asserted that the goal of expansion was his central concern, and that the means to achieve it were secondary: "Whether the United States shall actually acquire territorial possessions, shall set up captain-generalships and garrisons, whether they shall adopt the middle ground of protecting sovereignties nominally independent, or whether they shall content themselves with naval stations and diplomatic representatives as the basis for asserting their rights to the free commerce of the East, is a matter of detail." (1971, 29) Hence, force, if necessary, was acceptable, and even recommended. For example, in the case of the Philippines he championed a strong U.S. presence, for it would be a means to gain a foot-hold into China. (1971, 158) Furthermore, he acknowledged that implementing his ideal of "free commerce" may require the use of "force."²⁸ While he supported militarism to protect American interests, it appears he preferred a less interventionist approach. For example, he sometimes chastised America's "bullying" of "weaker nations" and maintained that America should engage in "tactful diplomacy." Even in these cases, however, he supported military intervention to protect American economic interests if necessary. (1971, 224)

Finance Capital in Mexico: an American Expansionist Narrative

Major themes in Conant's imperialist economic discourse were articulated in the periodicals researched for this article, albeit to varying degrees. These periodicals, in keeping with Conant, discussed the problem of capital congestion, depicted undeveloped regions as profitable outlets for American capital, highlighted investment over trade, focused on conditions in host countries, and forecast American global domi-

²⁸ He also championed freeing capital of "restrictions," but it appears that he did not anticipate resistance. *Ibid.*, 144.



nance. If there was a thematic similarity between Conant and the periodical literature, there was a geographic difference. Mexico was the nation highlighted in periodicals' expansionist economic discourse. This focus on Mexico was particularly evident in Bankers' Magazine. In 1906 the periodical published an article entitled "Mexico as a field of U.S. investment" which explained that it would dedicate more space to this issue.²⁹ The journal kept its word. Between 1907 and 1910 Mexico dominated the journal's section on foreign investment. Furthermore, Mexico was prominently featured in the entire journal, for about 20 of its 150 pages were dedicated to Mexico.

In accordance with Conant's economic-centered conception of the international arena, the periodical literature stressed economic relations between the United States and Mexico. One way economics was placed at the center was by a strong rejection of militarism. Militarism was denounced on several fronts. Bankers' Magazine rejected the old American annexationist discourse, which had been prevalent earlier in the century. Indeed, the journal's discourse was the antithesis of a Manifest Destiny position, which had been so popular in the mid-nineteenth century that James Polk had been elected on an annexationist platform. Polk made good on his campaign promise by invading Mexico, and he and others even complained about the Treaty of Guadalupe Hidalgo that ended the war since it only gave the U.S. half of Mexico's territory. They wanted to annex a larger piece of the country, and some of them promoted an "all of Mexico" movement (HAYNES, 2002, 290-4). Bankers' Magazine explicitly rejected American desires for more territory, stating that when Americans "squinted" at Mexico they should do so not with annexationist desires, but interests

in trade and investment.³⁰ Mexico's Foreign Minister to the U.S., Matías Romero, published an article in the North American Review that made a similar point. The article's thesis was that the U.S. no longer posed a military threat to Mexico and that economic relations between the bordering nations would result in prosperity for both parties. Romero's article was commented upon favorably in the U.S. press.³¹ This discourse proclaimed the dawn of a new era in Mexican-American relations, one marked by economics as opposed to militarism.

The American periodical literature also highlighted another military theme, namely, militarism in Mexico's own national history. This focus is unsurprising since Mexico's national history had been characterized by military uprisings and instability. Over the first half century of independence, only one Mexican president finished his term in office. Pronunciamientos (military uprising), not political elections, were the means to effect a change in national leadership. The theme in this discourse, like the one about U.S. military intervention, was that a new age had dawned. Mexican militarism was a thing of the past. The Times credited President Díaz for this shift in a way that highlighted Mexico's transition from militarism to commerce and economy. The paper observed that Díaz rose to prominence as a military man (he was a military hero since he defended Mexico during the French Intervention of the 1860s) but later shifted his focus to economic development: "It is one of the signs of the greatness of Díaz," the daily opined in 1903, "that he can read the changed situation of affairs and see that the era is one for commercial, not military, generalship, and see it

²⁹ Bankers' Magazine, LXIII (1906), 867. The journal predicted that American investments in Mexico would increase after Mexico went on the gold standard.

³⁰ The American annexationist discourse was strong at mid-century, but it gradually evolved into a discourse about trade and investment starting after the Civil War. Pletcher, *Diplomacy of Trade and Investment*, 79.

³¹ The 1889 article, along with American and Mexican press reactions to it, was reprinted in Matías Romero, *Estudio sobre la anexión de México a los Estados Unidos* (Mexico City, 1890), 5-21, 21-8.

although his early life was one of struggle with foreign and internal enemies in the field."³² The periodical literature concurred: the age of militarism was over, and Mexico had entered a new period of stability.³³ Bankers' Magazine, even as late as 1910, the year that the Mexican Revolution started, claimed Mexico was stable and a safe place to invest in.³⁴ Díaz himself had something to do with this peaceful non-militarist image of Mexico. One way he promoted this image of order and rule of law was via strengthening the police force (VANDERWOOD, 1981). Additionally, Díaz's aforementioned public relations campaign may have encouraged American journalists to write positive reports about political conditions in Mexico.³⁵

The periodical literature's focus on internal conditions in Mexico was in keeping with Conant's concerns about the conditions afforded American interests in host countries. Paralleling Conant's emphasis, the anti-militarist discourse about Mexico was not pro-democracy, but rather pro-order for the sake of favorable conditions for American capital. Mexico was the ideal host country since American capital was well treated and safe. Periodicals' depiction of Mexico as friendly to foreign capital gave a certain tone to the expansionist discourse. Conant had discussed potential problems in host countries. To create appropriate conditions for American capital it may be necessary for the U.S. to create formal colonies or at least undertake some form of military and/or political intervention. In Porfirian Mexico, Americans had the ideal situation since the host government provided stability and protected foreign interests. Hence, no foreign intervention was necessary. The American pe-

³² *New York Times*, 4 January 1903, 8.

³³ See, for example, the following in *The New York Times*: 8 June 1901, 9; 3 October 1901, 4; 4 January 1903, 8; and 31 March 1908. In *Bankers' Magazine* see LXVII (1903), 77; and LXXVII (1909), 833.

³⁴ *Bankers' Magazine*, LXXXI (1910), 688, 870.

³⁵ On Díaz's propaganda campaign see Cott, "Porfirian Investment Policies," 72-6.

riodical literatures' depiction of the Díaz regime as protecting foreign economic interests was in keeping with perceptions in Mexico. In fact, Díaz was criticized by Mexicans for treating foreigners better than nationals. A Mexican slogan emerged that expressed this sentiment: "Díaz, father of foreigners, step-father of Mexicans." (LEVY; BRUHN, 2006, 183)

This image of a Mexico favorable to American interests persisted despite nationalist policies and discourses espoused by the Díaz government, particularly during the first decade of the twentieth century. In 1901 the Mexican government began to articulate an anti-foreign trust position. In fact, the Mexican government nationalized U.S. railroad companies, which were described as foreign trusts, in a piecemeal fashion starting in 1901. The Mexican government justified taking greater control over foreign mining interests on similar grounds, but the 1908 initiative never became law (WEINER, 2004, 48-69). Finally, the Díaz regime favored British capital over American capital in the petroleum industry to counter the United States' dominance (GARNER, 2001, 182-3). Why did the periodical literature largely overlook Mexican nationalism? One can only speculate. One possible explanation is that Mexican nationalism did not adversely affect American interests. Scholarship has shown that the American railroads in Mexico were losing ventures. Consequently, American railroad companies were pleased to be bought out by the Mexican government (MARICHAL, 2002, 93-119). In contrast, American interests in Mexico were concerned about the 1908 government initiative to take greater control over foreign mining interests, but the important point is that it never became law.³⁶ A complementary possible explanation is that periodicals' perspec-

³⁶ *The Mexican Herald*, an American daily in Mexico City, for example, expressed concerns about the 1908 initiative. For *Mexican Herald* editorials against the government initiative see 30 May 1908, 1; 3 June 1908, 1; and 7 June 1908, 1.



tive focused on the Díaz government's overall stance vis-à-vis Americans rather than specific nationalist initiatives. This "big picture" perspective revealed that the Díaz government was still courting American capital, as Mexico's 1905 adoption of the gold standard revealed. Finally, politics possibly helps explain why the American press downplayed Mexican nationalism. As noted, the Díaz government wielded its political power to influence American press accounts. Perhaps American financial and commercial interests in Mexico, which stood to gain from favorable coverage, also had some impact on the press accounts.

In keeping with Conant's focus, the American discourse about economic expansion into Mexico focused much more on investment than trade. This reflected the economic reality, for American investments in Mexico were much more valuable than American exports.³⁷ Furthermore, the periodicals' trade discourse had similarities to Conant's. In keeping with him, the periodicals noted that economic prosperity in Mexico was resulting in a growing consumer market, which bode well for American exports. Another similarity with Conant was that the periodicals did not portray America exports as an economic necessity owing to the overproduction crisis.³⁸

The periodicals' discourse on foreign investment was similar to Conant's, even if it did not emphasize the problem of "congested capital" nearly as much as Conant did. (This researcher found only one explicit rendition of the "congested capital" thesis in *Bankers' Magazine*.³⁹) Even though Mexico was not explicitly

portrayed as a solution to the problem of redundant capital in the United States, periodicals' depiction of America's southern neighbor was in keeping with Conant's portrayal of "undeveloped" regions. The periodical literature emphasized the great economic opportunities afforded to American capital in "undeveloped" Mexico. *Bankers' Magazine* stated that "The law of supply and demand is apparent everywhere in Mexico. The demand for large capital for every class of enterprise is apparent."⁴⁰ Mexico was a site of vast natural abundance that was just waiting to be exploited. *Bankers' Magazine* explained: "Although possessing an ancient civilization, Mexico remains a land rich in natural resources." The journal went on to assert that investors could make substantial profits in Mexico: "Few countries now offer richer returns for enterprises properly inaugurated and judiciously carried on."⁴¹ This depiction of Mexico as a treasure house of natural riches that offered lucrative investment opportunities was the principal theme in the periodical literature.

What accounted for this prominent discourse that featured Mexico's vast unexploited riches and the profitable investment opportunities that they afforded? A combination of historical and material factors largely explains it. The historical factor is past conceptions of Mexico, for they could be built upon to create a portrayal of Mexico as an ideal site for investment. One aspect highlighted Mexico's natural wealth. Since the colonial era Mexico had been conceived as a land of immense mineral and agricultural

*expansion to resolve it: "These are times when conditions are subject to vast and sudden changes, and considering that the present rapid pace of enterprise in the United States has been so long maintained, it is not unreasonable to suppose that at no distant day there will be a relaxation in demand for cash capital for home undertakings and a consequent opportunity for its employment elsewhere." Bankers' Magazine, LXXIV (1907), 867-8. There were antecedents. As early as the late 1870s the Chicago Tribune had stated that Mexico was an ideal place to invest American "surplus capital." Pletcher, *Diplomacy of Trade and Investment*, 91.*

⁴⁰ *Bankers' Magazine*, LXXXI (1910), 101-2.

⁴¹ *Bankers' Magazine*, LXXV (1907), 15.

³⁷ In 1910 America exported \$58 million in goods to Mexico, and American foreign investment in Mexico in 1910 was approximately \$1 billion. On trade see Philip Russell, *The History of Mexico: from Pre-Conquest to the Present* (New York and London, 2010), 290-1. On the greater significance of American investment than American trade in Mexico see Pletcher, *Diplomacy of Trade and Investment*, 77.

³⁸ On trade see Bradstreet's 3 November 1906, 692; 13 April 1907, 228; and 24 August 1907, 533.

³⁹ During the 1907 recession *Bankers' Magazine* advertised the impending problem of U.S. surplus capital and advocated economic

riches.⁴² This perception was heightened in the national era owing, in part, to the dissemination of Alexander von Humboldt's *Political Essay on the Kingdom of New Spain* (1811), which advertised Mexico's great natural wealth to the world.⁴³ In a late-nineteenth-century American discourse of economic expansion, Humboldt's *Political Essay* (particularly its depiction of Mexico as a land rich in minerals) was cited.⁴⁴ More generally, press accounts often invoked the Humboldtian notion of Mexico's natural abundance, making references to the fact that Mexico's riches had been long recognized. The historic notion of Mexico's natural abundance made for a compelling contemporary narrative about the way that the technological advance associated with the second industrial revolution could be employed to finally develop Mexico's natural wealth. Railroads were celebrated as means to exploit riches that had previously remained too remote to tap. Technology was hailed as a means to transform the natural environment into concrete wealth. *Bankers' Magazine* made this point when discussing E.H. Harriman's Southern Pacific railroad in Mexico: "He [Harriman] has extended the Southern Pacific system (...) through the Mexican states of Sonora and Sinaloa to tap the vast richness of the country that has lain dormant for centuries awaiting the militant call of American industry."⁴⁵ The *Times* based its call for expanding Mexico's railroads on the same grounds. The daily noted that "the rich resources of Northern Tamaulipas have remained undeveloped up to the present in account of in-

adequate transportation facilities."⁴⁶

In addition to the historical notion of Mexico's natural abundance, perceptions of Mexico's past political conditions—particularly political instability—also made for a compelling narrative about opportunities afforded foreign capital to exploit Mexico's great wealth. The periodical literature maintained that great natural wealth still existed in Mexico, in part, because political problems had prevented it from being exploited earlier. Owing to Mexico's transformation under Porfirio Díaz, which had finally brought peace and stability, political conditions were finally conducive to exploit Mexico's vast wealth. In 1902 the noted American Political Scientist Paul Reinsch maintained that Mexico's recently achieved political stability would translate into enormous economic profits for investors: "Until quite recently Mexico was not regarded as a safe place for commercial and industrial investments. Its potential wealth has been recognized, and the possibility of unusually large returns from Mexican investments was well known; but political conditions were too unsettled." But, Reinsch concluded, "things have changed and a new era has begun."⁴⁷ There is some logic to Reinsch's account since investors generally prefer stability to instability, but it overlooks an important historical economic development.⁴⁸ It was in the latter part of the nineteenth century that global capital investment ballooned.⁴⁹ Consequently, even if there had been more stable conditions earlier in the century, Mexico would not have been able to attract nearly as much investment as it did during the Porfiriato.

42 Luis González y González, "El optimismo nacionalista como factor de la independencia de México," in *Estudios de Historiografía Americana*, edited by Silvio Zavala (Mexico City, 1948), 155-215.

43 On the dissemination of *Political Essay* see José Miranda, *Humboldt y México* (Mexico City, 1995), 177-9. The original version was in French, and there were two French editions (Paris, 1811 and 1825), two Spanish editions (Paris, 1822 and 1827), four in English (London, 1811, 1814, 1822; New York, 1811), and one in German (Tubingen, 1809-1811).

44 For contemporary accounts that discussed Humboldt and repeated his glowing depictions of the Mexican mining see the U.S. periodical *The Engineering and Mining Journal*, 26 October 1901, 530; 8 February 1902, 206-208; and 16 December, 1905.

45 *Bankers' Magazine*, LXXIX (1909), 423.

46 *New York Times*, 21 June 1901, 4.

47 *Bradstreet's*, 25 January 1902, 62. Reinsch was a noted academic of world affairs. His work, *World Politics at the End of the Nineteenth Century, as Influenced by the Oriental Situation* (New York, 1900), was taught at Universities and went through several printings between 1900 and 1904.

48 Of course, investors can also find ways to make profits in unstable political climates.

49 In 1850 total global foreign investment was approximately 2 billion dollars. By 1900 it increased to 23 billion. In 1913 it totaled 43 billion.



This late-nineteenth-century expansion of foreign investment brings us to a material factor that explains periodical literatures' focus on Mexico's natural wealth. American foreign investment did not achieve significance until the 1890s. Consequently, it was at that time that the perspective of finance capital became more prominent in the American press, which partly explains periodicals' stress on investment opportunities in Mexico. Earlier in the nineteenth century, when U.S. financial interests in Mexico were much smaller, American discourse about Mexico did not emphasize the Humboldtian idea of Mexican natural abundance as much. The Mexican American War (1846-8) is a case in point. The discourse that justified the war was Manifest Destiny, a vague ideology that emphasized religion and politics, not economics. Further, nor did the other issue that dominated the war—slavery—highlight the issue of investment and natural wealth (WEINER, 2010).⁵⁰ Humboldt's Political Essay appeared in the early nineteenth century. Ironically, it perhaps had a greater impact on an American expansionist economic imagination during the late nineteenth century.⁵¹

Americans' economic superiority, another theme in Conant's writings, was very prominent in the discourse about Porfirian Mexico. The main way it was scripted into the narrative was as Americans' superiority over Mexicans. Mexicans did not have the ability to exploit their nation's natural abundance, but Americans did. The discourse, not unlike Conant's, highlighted American mindset, vision, and know how. Mexicans were wedded to traditional production techniques and lacked economic vision. Americans, in contrast, embraced modern technology, had visions of the ways that humans could transform

Mexican resources into wealth, and had access

50 <<http://worldhistoryconnected.press.illinois.edu/7.3/weiner.html>>
51 On early-nineteenth-century American reception of Humboldt's Political Essay (and other works by the German) see Laura Dassow Walls, *The Passage to the Cosmos: Alexander von Humboldt and the Shaping of America* (Chicago, 2009), chap. 3.

to large amounts of capital to make their dreams reality. This was a common theme in the periodicals. Take, for example, an article from *Bankers' Magazine*. The journal showed that productivity increased when Mexico's antiquated farming techniques were replaced with modern methods introduced by Americans: "The ranch, formerly operated under crude Mexican methods, is calculated to respond materially to American innovations (...) Improved elements and farming machinery replace the antiquated methods of the Mexicans. Traction engines and stream plows will enable the land to its absolute maximum capacity. The day of the old style Mexican plowing (...) has passed".⁵² This discourse, in keeping with Conant, celebrated modern technology and economic innovation. Capital investment, then, was a necessity. This depiction of Mexicans as economically incompetent actually helped bolster some aforementioned themes too. For example, the reason Mexico remained "undeveloped" and ripe for American exploitation was because Mexicans had not been up to the task of exploiting their country's vast natural resources. Additionally, depicting Mexicans as incapable helped resolve a paradox: how could a nation be so naturally rich but socio-economically poor?

This discourse of American superiority was a narrative of civilization, paternalism, and benevolence, not domination. American capital would help to civilize and modernize Mexico. *Bankers' Magazine* explained: "The foreign investor sees the demand and the opportunity for reaping good profits from his investment, is supplying the capital with which to develop and beautify the wonderful country of Mexico."⁵³ Why a discourse of civilization rather than dominance? After all, by 1910 the U.S. had plenty to boast about. Indeed, Conant's predictions of U.S. global dominance seem to have been rea-

52 *Bankers' Magazine*, LXXIX (1909), 427.

53 *Bankers' Magazine*, LXXXI (1910), 101-2.

lized in Mexico. Leading countries and some of the world's wealthiest financiers had investments in Mexico, but America was unquestionably dominant. Furthermore, Mexico was by far the most significant country in which America reigned (the U.S. also dominated in parts of the Caribbean and Central America). Why was a narrative of triumphalism about American hegemony vis-à-vis its foreign competitors in Mexico largely absent from the periodical literature? Others certainly noted it. European diplomats in Mexico began complaining about American hegemony as early as 1900 (KATZ, 1981). The Díaz government, in an attempt to weaken American dominance, favored British economic interests over American interests (The most noted case was the oil contract that Mexico awarded to Weetman Pearson, a British investor). One can only speculate on the American periodical literatures' silence about U.S. hegemony. Perhaps there was a concern that boasting too much would provoke anti-American backlash in Mexico. This appears to be a well-grounded preoccupation. Jingoistic articles in the U.S. press were sometimes translated and reprinted in Mexican papers as proof of American arrogance and imperialist designs. Furthermore, the Mexican newspapers, especially the opposition press, warned about the threat of American economic domination. "The peaceful conquest" was a popular Mexican slogan in the opposition press that expressed this fear. The slogan suggested that the U.S. had previously conquered Mexico militarily, but today a new American conquest of Mexico was taking place on the economic front.⁵⁴ The government also articulated this nationalist discourse. The aforementioned nationalization of U.S. railways was justified on the grounds of protecting national sovereignty (WEINER, 2004).

⁵⁴ See, for example, "La conquista pacífica y sus aliados," *El País*, 11 May 1901, p.1.

Mexico, Latin America, and the East

There was a discourse of American dominance over its European competitors, however. But it was articulated in the narrative that discussed both Mexico and Latin America together, a topic this essay will now turn to. The press made explicit links between Mexico and all of Latin America. Based on U.S. success in Mexico, the press forecast that all of Latin America would be an enormously prosperous region for American economic expansion. A strand in this discourse even explicitly rejected the importance of the East, contending that Latin America would prove to be more economically significant to the United States than Asia.

Bradstreet's used the topic of a Mexican loan placed in the U.S. to forecast American financial dominance in all of Latin America. This 1904 40-million-dollar Mexican loan was the first Latin American loan placed in New York, and a New York banking house had to beat out French competition to secure it. Emphasizing the way success in Mexico would be repeated in Latin America, the journal asserted that "[The loan] will be the precursor of further offerings of obligations created by the various countries south of the Rio Grande." Furthermore, the journal forecast that the American loan marked the ascendance of New York and the decline of London: "In fact, the idea is advanced that different South and Central American countries will all be apt to look to the markets of the United States instead of London when they desire to effect fresh borrowings." Stressing U.S. ascendancy over Europe, the journal asserted that "There is disposition (...) to consider that it [the loan] puts a stamp on the preeminence of the New York securities market in the western hemisphere."⁵⁵

Based on successes in Mexico, there

⁵⁵ Bradstreet's, 22 October 1904, 674.



were not only bold predictions of American dominance over its European competitors in Latin America terms of loans, but also private investment. Conant himself stressed the theme of investment in his rhetoric about the international gold standard. The McKinley administration invited Conant and Jeremiah Jenks to implement a policy of converting nations in Latin America and Asia to the gold standard. Conant, the driving force behind this policy, maintained that placing nations on the gold standard would stabilize their currencies and therefore provide a better environment for U.S. investment and trade. Furthermore, Conant hoped that a gold standard based on the dollar would result in New York replacing London as Latin America's banker. From 1900 to 1905 the U.S. succeeded in putting Puerto Rico, the Philippines, Nicaragua, and the Dominican Republic on the gold standard. In 1905 Mexico adopted the gold standard. This event, which had been long awaited and anticipated in U.S. business circles, had immediate consequences. U.S. investment in Mexico skyrocketed.⁵⁶ In 1907 Conant stressed that American success in Mexico could be replicated in Latin America: "Since stable exchange was assured [in Mexico] by the adoption of the gold standard, foreign money has poured into Mexico in a golden stream." He concluded that "development like this is likely to take place in other Latin American countries if they take steps similar to those taken by Mexico to establish a sound monetary system."⁵⁷

Similarly, John Barrett, the influential American commercial publicist and diplomat, based his plea to increase American investment in Latin America on American success in Mexico. He maintained in 1910 that "it is stated that \$700,000,000 of American capital is invested in Mexico. It is a logical conclusion that if this sum is invested in Mexico, there is room for ten times

⁵⁶ See Emily Rosenberg, "Foundations of United States International Financial Power."

⁵⁷ *Bankers' Magazine*, LXXV (1907), 703.

that amount, or seven billion dollars, to be placed in South America."⁵⁸ The *New York Sun*, as early as 1906, put this same sentiment a slightly different way, asserting that "more than ever before the people of the United States are taking in our (...) relations with Latin America". The paper explained what sparked this interest: "The rapid economic development of Mexico (...) has engaged public attention."⁵⁹

This discourse about Latin America as a field of U.S. investment became much more prominent during late 1906 and early 1907, a period during which U.S. investments in Mexico were at an all-time high (investment would fall off during the 1907 recession). A wave of literature was published about Latin America that had a striking similarity to the publications about Mexico. The *New York Times* proclaimed that "peace reigns in all of South America." New publications about Latin America were printed. The South American book club, which formed in 1907, for example, offered a variety of publications on the region. In the same year, *Tropical and Sub-Tropical Journal*, a new magazine dedicated entirely to the theme of Latin America, appeared. Furthermore, *Bankers' Magazine* created a new section entitled "Latin America," which provided information about investments in the region. Introducing the new section, the journal explained why Latin America was important: "We should squint towards Latin America with a view to finding out what opportunities are there for American trade and enterprise, which by more diligent attention may be a source of legitimate profit to us."⁶⁰

Bankers' Magazine maintained that Latin America had so much potential that it was even more economically significant to the United States than the region that American economic

⁵⁸ *Bankers' Magazine*, LXXI (1910), 880.

⁵⁹ Reprinted in *Bradstreet's*, 10 February 1906, 111.

⁶⁰ *Bankers' Magazine*, LXXIV (1907), 129.

expansionists had deemed the most lucrative: the Orient. A 1907 editorial in *Bankers' Magazine* put it the following way: "There is impending in Central and South America a new era of peace and prosperity that will make us sit up, rub our eyes and wonder why we have always talked and dreamed of the Orient."⁶¹ The journal's downgrading of Asia was not unique. While a high level of optimism still characterized American expansionist commercial discourse about Asia after the Spanish-American War, during the first decade of the twentieth century there were a series of well publicized American economic failures in the East that diminished the stature of Asia in the American imagination. (PLETCHER, 1998)

Since American economic discourse about Asia focused mostly on American exports it is unsurprising that some comparisons between Latin America and Asia discussed commerce. The *New York Sun*, for example, deemed Latin America more economically valuable than Asia, but the daily focused on imports rather than investment: "In total value the imports of Latin America are nearly double those of the combined imports of the Asiatic coast. . . . This shows the present value of the respective markets (...) Latin America has outstripped the Orient."⁶² Not only was the value of American exports to Latin America greater, but also, the paper maintained, the type of goods America exported to Latin America were preferable, at least when Latin America was compared with Japan. "Japan's principle imports are foodstuffs and raw materials. As Japan develops her industrial forces her purchases will increasingly consist of raw materials for conversion into finished products." In Latin America, in contrast, the paper maintained, there was a greater demand for finished products. Hence, the periodical concluded, "measured by the class of merchandise purchased the east coast

of South America is a far more desirable market than is Japan."⁶³

Conclusion

This essay has argued that Americans' turn-of-the-century expansionist economic visions were more diverse than the academic literature acknowledges. The conventional historical narrative tells a story that is predominated by concerns about overproduction and limited and fluctuating internal demand, problems which made exports foremost in the American imagination. This historical account of an expansionist commercial vision highlights Asian markets (particularly China), but Latin America is also prominent. Despite the fact that this era marked the onset of American foreign investment—a development that has been documented in the economic literature, particularly international business history—finance capital is underemphasized in this historical narrative about Americans' expansionist ideas. This essay has made a case for revising the historical narrative by making finance capital more prominent in the story of American expansionist imaginings. The historical literature suggests that Charles Conant's theory of surplus capital—which argued that American financial capital had to expand past national borders if capitalism was to survive—was not widely subscribed to. This essay has argued that a version of Conant's economic vision was popularized in the business discourse about U.S. investment in Porfirian Mexico. Mexico, in financial periodicals' narrative, above all, was a profitable outlet for American capital. This contrasted with the discourse about Asia not only because it stressed investment more than trade, but also because it was a narrative of U.S. hegemony. The account of America's efforts to penetrate the Chinese market was a story of disappointment and weakness vis-à-vis the world powers, but the story of U.S. capital in Mexico was a narrative of American

⁶¹ *Bankers' Magazine*, LXXIV (1907), 129.

⁶² *New York Sun* reprinted in *Bradstreet's*, 4 December 1909, 783.

⁶³ *New York Sun* reprinted in *Bankers' Magazine*, LXXV (1907), 402-3.



success. Furthermore, the narrative forecast huge profits for U.S. capital in all of Latin America based on American triumphs in Mexico. Finally, U.S. dominance over its European competitors was a chapter in the story about American capital in Mexico and Latin America. According to the press narrative, America would dislodge Europe (especially Britain), thereby establishing itself as the preeminent financial power in the Americas.

Porfirian Mexico was an ideal subject matter for a triumphant narrative about American investment abroad. Mexico was depicted as El Dorado, a treasure house of vast untapped natural wealth ready for American exploitation. In expansionist discourse, political and cultural factors explained this ideal situation for Americans. Political instability and a weak capitalist ethic explained why Mexicans had been unsuccessful in exploiting their own riches, which provided an opening for Americans. In the story, U.S. capital and technology transformed Mexico's natural riches into concrete wealth, and profits were considerable. Along with ideal material conditions, the political situation could not have been better. Porfirio Díaz's host government provided a perfect climate for American capital. Díaz's Mexico was a peaceful country, and the government placed a high priority on material progress and welcomed foreign involvement—particularly capital investment—in its quest for economic development.

How do we account for the fact that the discourse about U.S. investment in Mexico—a prominent theme in the contemporary business press—has been deemphasized in the historical narrative of American expansionist economic visions? Perhaps the narrative about American finance capital in Porfirian Mexico was so ideal that it went largely unnoticed. It fit Conant's best scenario: a country with abundant profitable outlets for American surplus capital, and a host

government that solicited and protected U.S. economic interests. In an age when America was battling with European powers for markets in Asia, constructing a canal, invading islands in the Caribbean and the Pacific, and constructing a formal and informal empire, perhaps the peaceful discourse about American investment in Porfirian Mexico went under the radar of scholars of American foreign relations. For contemporaries, the opposite held: American finance capital in Mexico loomed large in the U.S. imagination at the birth of American Empire.

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