

BOOK REVIEWS AND NOTICES

GENERAL

(Including works marginal to Hispanic-American history)

The Diplomacy of the Dollar, First Era, 1919-1932. By HERBERT FEIS.
(Baltimore: Johns Hopkins Press, 1950. Pp. vii, 81. Index. \$2.25.)

This little book deals with an important, often neglected subject in an important, often neglected period. The author prepared the material quickly for a series of lectures. In consequence, the ground is covered somewhat superficially, and reliance is on the published State Department documents (*Foreign Relations*) rather than on unpublished manuscripts. Even so, there is much that is worth while and not heretofore available in convenient form. (Which, incidentally, indicates the value of the *Foreign Relations* volumes, too often underrated and too infrequently consulted by scholars.)

In his four-score pages, Feis covers many subjects. He shows how the State Department, in 1921, asked investment bankers for advance notification on foreign bond issues, so that Washington could, if it chose, comment. He treats the ban on loans to France during war-debt troubles; the way the government encouraged American capital to participate in German reconstruction, then warned against excessive lending there; the State Department's opposition to efforts of American bankers to supply Japan with money to use on the Asiatic mainland; the powerful official aid given to American firms interested in Middle East oil. As regards Latin America, the State Department tried to protect Central-American countries (Panama, Guatemala, Honduras) from loans that would have involved Wall Street control; and the Department opposed loans designed to assist Peru and Bolivia to buy arms, and Brazil to hold coffee off the market. Feis thinks the lending of the 1920's did good, though it did not change basic historic forces. Depression wiped out the gains; but in the past decade United States government lending has advanced American diplomatic aims.

This book is useful, then, for the information it contains; and because it opens an important field. Some readers, however, will disagree with Feis at several points. For example: Feis says "dollar diplomacy" is a "term of odium," denoting "diplomacy unduly influenced by particular private interests . . . Our diplomacy in Central and South America during the years 1908-1912 was warped in this way." But, he says, since 1919 the association between the dollar and American diplomacy has been of a new, enlightened nature; and it deserves a new term,

"diplomacy of the dollar." The years 1919-32 are thus a "first era" of a new, good policy, as contrasted with the old, bad policy.

It is hard to follow this interpretation. In many respects, the "diplomacy of the dollar" in Latin America (1919-32) very strikingly resembles the "dollar diplomacy" of 1908-12, in aim and in operation. A leading feature of Taft's "dollar diplomacy" was his support of the first Consortium, which aimed at control of China. In the period of Feis' "diplomacy of the dollar," from 1919 on into the 1920's, the State Department supported a second Consortium, with quite similar aims. (This, oddly, Feis does not mention.) Hughes' Middle-East diplomacy of the 1920's clearly suggests 1908-12 tactics.

For that matter, how can 1919-32 be called the "first era" in light of the vital decisions made by the government in the financial diplomacy field in the neutrality years of private lending to the Allies (1914-17) and the subsequent period of government lending (1917-19)? Are these years of odious "dollar diplomacy" or years of enlightened "diplomacy of the dollar?" Would it not be better to avoid Feis's "that-was-bad" and "this-is-good" classification? One could say, then, that finance has profoundly affected the diplomacy of the United States for the past half-century, just as trade, ideas and strategic factors have. One could add that, from 1900 on, the financial diplomacy of the United States has sometimes been wise and sometimes unwise, sometimes effective and sometimes ineffective.

In *The Diplomacy of the Dollar: First Era*, Feis has shown that the State Department was sometimes wise and effective between 1919 and 1932. But most scholars are likely to conclude that, all things considered, the finance diplomacy of the United States in that period was generally both unwise and ineffective.

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The Basis of a Development Program for Colombia: Report of a Mission headed by Lauchlin Currie and sponsored by the International Bank for Reconstruction and Development in collaboration with the Government of Colombia. (Washington: International Bank for Reconstruction and Development, 1950. Pp. xxxviii, 642. Maps, appendixes, index, separate summary. \$5.00.)

In 1949 the International Bank for Reconstruction and Development organized a mission to study the economy of Colombia, with the aim of preparing a comprehensive, integrated program of development for that nation. Headed by Lauchlin Currie, a well-known American economist who formerly held important posts in the United States govern-