

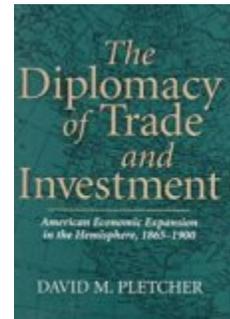
# H-Net Reviews

in the Humanities & Social Sciences



David Pletcher. *The Diplomacy of Trade and Investment: American Economic Expansion in the Hemisphere, 1865-1900*. Columbia, Mo.: University of Missouri Press, 1998. 458 pp. \$44.95 (cloth), ISBN 978-0-8262-1127-9.

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The thesis of this impressive and weighty book by eminent diplomatic historian David M. Pletcher is that the United States government did not have a comprehensive business and economic expansion policy during the Gilded Age. Pletcher states that while there was some economic expansion between 1865 and 1900, “the evidence does not support the claim of an overarching policy,” or a way of life to cover all expansionist thoughts and actions from 1865 to 1898 (p. 4). Pletcher chides historians like the late William Appleman Williams, who Pletcher argues, “overcompensated” for the neglect of economic factors by traditional historians (p. 3). That overcompensation, reasons Pletcher, left Williams’ theories “vague, contradictory, and so heavily qualified as to be almost meaningless” (p. 3). Overall, Pletcher views late nineteenth-century economic expansion as a “tentative, experimental process” (p. 4). In this book, he chronicles the debates that took place over economic expansion and concludes that most governmental policies in this important era were more improvised than anything else.

Pletcher begins the book by offering an overview of American foreign trade policies during the two decades after the Civil War. He shows that even though American economic growth necessitated some kind of hemispheric expansion, those involved in the political process couldn’t agree on anything specific. Several political blocs developed to fight over possible expansionist policies, including free traders (traditionally Southern Democrats), and Republican protectionists who were unwilling to yield to expansionist demand for reciprocity agreements and lower tariffs. These groups constantly

fought for power but neither could gain control of the agenda. This inability to define policy goals helped cripple economic expansion and hurt American businesses attempting to gain access to foreign markets. At the same time, the author writes, the post-Abraham Lincoln presidents and most of their secretaries of state cared little about foreign policy, concentrating instead on domestic issues like Reconstruction and industrialization. All of these political factors served to hinder any expansionist consensus from developing during these critical years.

Pletcher also describes some of the specific policies sought by businesses and economic expansionists including: a better consular service to provide information, lower tariffs, shipping subsidies, naval improvements, and monetary reforms. But Pletcher points out that all of these issues became mired in partisan political debates and only an improved navy was agreed upon by the different factions and blocs. Pletcher does concede that economic expansionists made some minor gains during the era; notably, improvements in the Consular service, and some initial reciprocity agreements. But the infighting and lack of a consensus caused policies to be decided in a piecemeal and ad hoc fashion, prevented any substantive gains or major policy initiatives.

In the book, Pletcher considers five geographical areas: Canada, Mexico, Central America, South America, and the Caribbean. In Canada, economic expansionists sought open markets for American goods but not reciprocity, for they worried about Britain dumping cheap goods on the American market. In Mexico, American expansionists appeared too eager for territorial gains and too ready to believe Mexican producers were lazy and their products inferior. Furthermore, the British were

much more adept at gaining the goodwill of Mexico. In Cuba and the Caribbean, American policies and practices proved disastrous. Steamship schedules were not coordinated, businesses were unwilling to make trips to the interior of some nations, and American tariffs were still too high. In addition, American merchants did not advertise well, they paid little attention to local tastes, and offered shorter credit than Great Britain. And even in the geographical area where the United States planned to build a canal, Congress would not act decisively. Pletcher writes that Washington was worried about provoking the British and they remained skeptical about the difficult engineering possibilities.

This book might have been subtitled “How Not to Conduct International Business, 1865-1900.” Many of Pletcher’s examples depict an awkward and bumbling American business community that wanted to penetrate foreign markets but simply didn’t have the savvy. American businesses were never able to match the smooth and efficient British methods of commerce and diplomacy. Much of this might be blamed on Washington’s refusal to assist American entrepreneurs. But it does appear, on some level, that those seeking to gain foreign markets were simply inept: offering no credit, the wrong types of materials, and showing absolutely no understanding of local markets.

Pletcher concludes the book by debunking the theory that business interests were responsible for initiating the Spanish-American War in 1898. Pletcher argues that the decisions leading to that war were improvised, contradictory, and uncertain, saying that “given the tangle of economic and noneconomic motivations and the undecided state of American business opinion during the spring of 1898, it is unreasonable to argue that economic factors played an important positive role in McKinley’s decision to sponsor intervention at the risk of war” (p. 347). The result was a country that stumbled into a war with little

consensus about outcomes or goals.

Pletcher attempts to paint a picture of an American government that was unwilling to make the short-term sacrifices needed to open markets and spur economic expansion—a government paralyzed by its own uncertainty about its role in the hemisphere and the world. This argument is only partially convincing. Pletcher does a commendable job illustrating the indecision which obstructed trade and investment. However, his book actually reveals the start of the transformation of the United States into an expansionist, world economic power. Pletcher constantly sees the expansionist policy glass as half-empty; while a reader could view it as half-full. There were some moderate accomplishments made toward the development of an expansionist consensus. And while business was awkward, there were the beginnings of economic penetration in foreign markets. In his efforts to downplay the economic interpretations of the period, Pletcher often understates the groundwork being constructed by the government and the business communities. That foundation, formulated in spite of all the political problems and uncertainties, set the stage for tremendous expansionism and investment growth that took place after World War I.

While one might argue with his interpretation, one would not contest his basic historical account. Pletcher has produced a well-written and thoroughly researched book that tries to examine and reinterpret America’s post-Civil War trade and investment policies. While his overall conclusions may not be accepted by everyone, his narrative is indispensable in understanding how American expansion finally blossomed after 1920. Without a critical comprehension of how hemispheric trade and investment evolved, one cannot understand the policies that followed. I recommend this book to diplomatic historians as well as business and economic historians of the period.

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