



Jay Sexton, “The Funded Loan and the Alabama Claims,” *Diplomatic History*, Volume 27, Issue 4 (September 2003): 449-478.

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Diplomatic historians are well aware of the charge by James A. Field Jr. that the “worst chapter in almost any book” on U.S. foreign relations is on post-Civil War relations and U.S. imperialism [1]. While overstated, Field’s accusations have the ring of truth to them because of the languishing state of historiography of 19th century U.S. foreign relations. Emphasis on the Cold War, and the adoption of social history methodology by many diplomatic historians has led to the neglect of pre-1900 U.S. diplomacy [2]. While pursuing my Master’s, my advisor recommended that if I wanted to be unique and be noticed, I should focus upon the Gilded Age because of the paucity of others specialists. This lack of attention can be seen in the literature of the foreign policy of the Grant administration. Adrian Cook’s 1975 *The Alabama Claims: American Politics and Anglo-American Relations, 1865-1872* remains the sole modern study of the *Alabama* claims [3]. After that, Allen Nevins’s 1939 biography of secretary of state Hamilton Fish is the only work devoted to Grant’s foreign policy [4]. The University Press of Kansas has yet to see fit to publish a study of the Grant presidency in their series on the history of presidential administrations. The era is ripe for a fresh look, and Jay Sexton’s “The Funded Loan and the Alabama Claims” is an innovative approach to studying a familiar issue.

During the U.S. Civil War, British shipyards constructed for the Confederate States *Alabama*, *Florida* and *Shenandoah*, raiders that preyed upon Union merchant shipping. The British government maintained that unless direct proof could be offered that the Confederacy paid for the ships, they could not be seized within Britain. The resulting havoc the raiders plied upon Union shipping resulted in shipping companies rushing to re-register their vessels to European countries, and skyrocketing insurance premiums on shipping. The long and arduous struggle to settle these claims contributed to the poisoning of Anglo-American relations during the last half of the 1860s. The first negotiated settlement between London and Washington on the subject, the Johnson-Clarendon convention, was rejected overwhelmingly in the Senate in 1869 because of inadequate protection of U.S. claims and the inclusion of the *Alabama* claims along with several other British-American disputes. National pride (and the voting public) dictated that a settlement more favorable to the United States be found.

Traditionally, the primary U.S. actors in the formulation of an equitable settlement were President Grant, Fish, and Senator Charles Sumner, the chairman of the Senate Foreign Relations committee. Sumner’s growing animosity toward Grant (and vice-versa) was matched only his bellicose words directed at England from the floor of the Senate. To these three men, Sexton adds another, Secretary of the Treasury George Boutwell [5]. Despite the importance of trade and commercial interests to U.S. foreign policy, the Treasury department has been neglected as an influence on the creation of foreign policy [6]. Sexton argues that central to Grant’s desire to

settle the _Alabama_ claims was access to the London financial markets. The United States needed European capital (and most importantly, British gold) to fund U.S. securities to retire the national debt. Boutwell firmly supported a quick resolution to the _Alabama_ claims because English investors were weary of investing in U.S. securities while politicians on both sides of the Atlantic rattled sabers. Sexton suggests Boutwell pressed Grant and Fish on behalf of the financial community that was anxious for a resolution. Curiously, Sexton appears to ignore evidence of Boutwell's expressed hope that the United States might gain Canada during negotiations, an attitude that would seem at odds with his view of the moderating role Boutwell played within the Grant administration [7].

Boutwell's dual desires sum up the competing visions of U.S. foreign policy. While negotiating with London over the _Alabama_ claims, Grant was attempting to acquire the Dominican Republic. The dual forces of a desire for empire and economic expansion overseas were being fought within the Grant administration. I believe Sexton is correct that financial considerations were the driving force behind Grant's efforts to resolve the claims. The British envoy sent to resolve the problem in early 1871, Sir John Rose, was a Canadian financier who hoped his firm would be chosen to be the agent for a U.S. funded loan in Europe. His partner in the firm, Levi Morton, was a heavy contributor to Grant's presidential campaign, who lobbied the administration to find a peaceful solution with England. Though Boutwell may have personally desired to add Canada to the United States, the need for European capital trumped imperial dreams. The Dominican Republic annexation attempt was an aberration driven by Grant's cronies for personal financial gain. Fish, Sumner (who for all his bellicosity on the British abandoning North America was against forced annexation) and Boutwell recognized that true U.S. growth would be measured in economic terms, and that an empire was an unnecessary burden. Sexton's conclusion that European loan had long term benefits for the U.S. treasury and economy, reminds that foreign policy can not be divorced from economic policy and national politics. The Grant administration may have dreamed of establishing U.S. dominance over North America and the Caribbean, but empire, as was often the case in 19th foreign relations, came second to economic considerations.

Endnotes:

[1] James A Field, Jr, "American Imperialism: The Worst Chapter in Almost Any Book," _American Historical Review_ 83 (June 1978): 644-68.

[2] For an in-depth historiographical essay on this neglect, see Edward Crapol, "Coming to Terms with Empire: The Historiography of Late Nineteenth-Century American Foreign Relations," in Michael Hogan (Ed.), _Paths to Power: The Historiography of American Foreign Relations to 1941_ (New York: Cambridge University Press, 2000), 79-116.

[3] Adrian Cook, _The Alabama Claims: American Politics and Anglo-American Relations, 1865-1872_ (Ithaca, NY: Cornell University Press, 1975).

[4] Allen Nevin, _Hamilton Fish_ (New York: Dodd, Mead, and Company, 1939).

[5] Boutwell's importance in influencing Grant's actions are briefly mentioned but not explored in the newest biography of Grant. Jean E. Smith, *_Grant_* (New York: Simon and Schuster, 2001), 509.

[6] The pioneering work in calculating the role of business in U.S. foreign policy is Walter LaFeber, *_The New Empire: An Interpretation of American Expansion, 1860-1898_* (Ithaca, NY: Cornell University Press, 1963).

[7] For Boutwell's Canadian desires, see Boutwell to Grant, July 29 1870, *_The Papers of Ulysses S. Grant; Vol. 20: November 1, 1869-October 31, 1870_* (Carbondale: Southern Illinois University Press, 1995), 256.

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