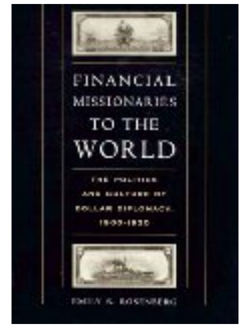
Emily S. Rosenberg. ***Financial Missionaries to the World: The Politics and Culture of Dollar Diplomacy, 1900-1930.*** Cambridge: Harvard University Press, 1999. viii + 334 $45.00, cloth, ISBN 978-0-674-00059-9.



Reviewed by Mark T. Berger

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Emily Rosenberg, author of the pioneering work ***Spreading the American Dream: American Economic and Cultural Expansion 1890-1945*** [New York: Hill and Wang, 1982], has produced a fascinating new study of U.S. dollar diplomacy in the early twentieth century. Like her earlier book, which sought to connect cultural history and political economy with traditional diplomatic history, Rosenberg's detailed examination of the dollar diplomacy era attempts to "combine political, economic, and cultural histories" in order "to broaden the parameters of what used to be narrowly called 'diplomatic history'" (p. vii). According to Rosenberg, dollar diplomacy was a "controversial U.S. policy that attempted to use private bank loans to leverage the acceptance of financial advisers by foreign governments that U.S. officials and investors considered unstable" (p. 1). At the same time, she argues, the history of dollar diplomacy was "intertwined with cultural contexts that fostered the growth of professionalism, of scientific theories that accentuated racial and gender differences, and of the mass media's emphasis on the attractions and repulsions of primitivism". And, it was also closely connected to discourses of masculinity, money, whiteness and professional expertise (p. 3).

While the term dollar diplomacy did not come into use until the administration of Howard Taft (1909-1912) the practice had already appeared during the presidency of Theodore Roosevelt as a way of reconciling the "distaste for colonialism", espoused by many in the U.S., "with a commitment to stabilize and provide manly uplift to the darker-skinned peoples" in the circum-Caribbean. Between 1905 and 1907 the U.S. organized financial supervison and controls in the Dominican Republic while avoiding, at least initially the costs, or the enmity, that went with the establishment of a formal colony. These arrangements went on to become a "model" during Taft's presidency (pp. 59-60). Dollar diplomacy under Roosevelt and Taft, and then Woodrow Wilson, had a "mixed record". But, despite its sometimes doubtful results, the "professional-managerial discourses" which emerged in this era retained their authority and power, and professional advisers, bankers and government bureaucrats increasingly perceived "supervised loans" as an important "diplomatic tool" for pursuing investment opportunities in regions of the world regarded as "potentially unstable" (p. 96). By the mid-1920s U.S. financial experts, with formal and informal links to North American capital markets, were advising governments in the Caribbean and elsewhere in Latin America as well as playing a role in the financial affairs of the governments of Germany, Poland, Persia and Liberia. Efforts to set-up "controlled loans" also influenced U.S. policy in China, Mexico and elsewhere. At the same time, Rosenberg examines in some detail the way in which the rise of dollar diplomacy in the 1920s was linked to the rise of investment banking, the establishment of a group of international finance professionals, the organization of new branches of government, the spread of communications media, the rise of a popular culture fascinated with "primitivism", and steadily rising levels of overseas loans (pp. 253-254).

At the same time, as already noted, by the early 1920s dollar diplomacy in a number of Latin American republics was contributing to growing "problems" and bringing little in the way of "stability" (p. 120). The "cultural and political dynamic" of dollar diplomacy actually "heightened divisions in borrowing countries and contributed to the very instability and opposition that U.S. professionals believed their science would eliminate" (pp. 259-260). By late 1923, "governmental participation in controlled loans" had facilitated "a growing anti-imperialist movement at home and abroad" (p. 121). And, by the second half of the 1920s two rival "cultural narratives" had appeared: one in support of, and one in opposition to, dollar diplomacy. The dominant narrative, which had emerged to reinforce and legitimate financial supervision, "stressed civilizing mission, masculine rationality, private endeavour for public good, the impartiality of economic expertise, the equation of national with international betterment, and the self-regulating potential of open trading and investment marketplaces". This narrative, which was connected to the growing popular "fascination with primitivism and the exotic" in North America, held out "supervisory relationships as natural and inevitably progressive". At the same time, an alternative narrative had emerged which "challenged" the celebratory assessment of financial intervention and emphasized that "public-private cooperation threatened to hold U.S. policy hostage to bankers' profits" threatening important "liberties" in both the U.S. and the recipient countries (p. 219).

By the late 1920s the public debate over dollar diplomacy "grew sharper" following rising concern in the U.S. about the negative effects of financial supervision and the declining quality of the bonds issued by supervised governments, not to mention the escalation of U.S. military involvement in Nicaragua. As Washington began to withdraw from "foreign financial entanglements" the bond market and investor confidence were "further weakened" facilitating "even greater systemic instability" (p. 219). The professional-managerial discourses had represented supervised bank loans as "morally and economically uplifting"; however, after 1929, and the rise of influential negative views of bankers and the banking system, this celebratory narrative was in retreat, and the dollar diplomacy era came to a close. By the early 1930s the U.S. government had, argues Rosenberg, "positioned itself as an onlooker accepting little responsibility for either international economic stability or the losses of individual bond-holders". While a small number of U.S. overseas financial missions remained in operation in the 1930s, the years of the Great Depression and the Second World War represented a major "watershed" in the history and organization of international banking and financial advice. And, as the author suggests, the post-1945 era would see efforts by the U.S. to learn lessons >from the rise and decline of dollar diplomacy (pp. 250-251, 253, 254).

As Rosenberg makes clear, her study of the dollar diplomacy era also provides historical background to current efforts to globalize the free-market economy, at the same time as it makes a contribution to the pre-history of the International Monetary Fund (IMF). As she points out, after the Second World War, U.S. officials sought to avoid debates about dollar diplomacy by "insulating economic advising from the kind of cultural and political controversies" that had characterized the 1920s. This concern was linked to the "vision of a stronger international authority" which "shaped the Bretton Woods Conference of 1944" and resulted in the establishment of the IMF. Of course, the role and reach of the IMF was the subject of some debate from the outset. But, despite British efforts to constrain the influence of the IMF, by 1948 the U.S. had ensured that "loan conditionality became an important component of the larger IMF structure", while "through the negotiation of 'stand-by-agreements'", starting in 1952, the IMF "came to play an active role in overseeing the domestic economic policies of many nations". Regardless of this trend Rosenberg argues that the post-1945 "system did try to address the contradictions that had plagued dollar diplomacy" and IMF "conditionalities generally replaced" the "private bank loan controls" of an earlier period (pp. 254-255).

At the same time, in the "new internationalized Bretton Woods system, antibanking discourses became less prominent" for other reasons, not the least of which was that the growing "concern with communism" helped to deflect criticism of U.S. foreign policy and "any view that equated the spread of finance capitalism with imperialism could by attacked or dismissed as Marxist". Of course, as the author notes, criticisms of the post-1945 U.S. centred international financial system have still had some purchase over the years. For example, the New Left and dependency theory rose to some prominence in the 1960s and 1970s, while influential critics of the IMF emerged from the "left" and the "right" in the 1980s and in the post-Cold War era, especially at the end of the 1990s. In conclusion Rosenberg argues that, with the end of the Cold War, U.S. policy-makers have "again confronted particularly urgent questions of how to reform financial systems in order to rationalize fiscal practices and thus assist the globalization of an international market economy". Furthermore, despite significant changes, the contemporary representatives of the "profession of international financial advising still struggle, on a much large scale, to promote many of the same ends" as the administrators, officials and bankers of the dollar diplomacy era. Like their predecessors, notes the author, the new financial missionaries grapple with "how to bring to a culturally diverse world a set of standardized fiscal practices that will accelerate the integration of markets" (pp. 255-256).

While Rosenberg provides a critical approach to the gender-bound, class-bound and culture-bound character of the dominant financial discourses at the beginning of the twentieth century, her criticisms, as the above quotes suggest, become more muted when she turns to contemporary U.S.-centred narratives on international finance. Also, despite the author's intention to "combine political, economic and cultural histories", the political and economic history of dollar diplomacy is not always very well connected to the analysis of the gendered, culturally embedded and racialized character of the professional narratives on banking and investment which rose to prominence in the U.S. in the first three decades of the twentieth century. That said, this is an important book which will stand for many years as a key work on dollar diplomacy. It also provides an insightful point of departure for anyone interested in an historical and cultural critique of the dominant international narratives on finance and economic development in the twentieth century. This is a must read for historians of U.S. foreign policy and anyone else interested in the history of old and new forms of dollar diplomacy.

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