ECONOMIC FACTORS AND IMPLICATIONS
OF THE SPANISH AMERICAN WAR

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ECONOMIC FACTORS AND IMPLICATIONS
OF THE SPANISH AMERICAN WAR

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CHAPTER I

UNITED STATES INTEREST IN CUBA BEFORE 1893

Since the days of the beginning of the Republic of the United States, it has expressed an interest in Cuba. Until 1893 this interest was largely of a political nature due to the strategic location of the island. Though there were economic factors even during the early nineteenth century, the policy of the government toward Cuba was usually determined by political considerations.¹

In 1807 Jefferson said that if there should ever be a war with Spain, Cuba might "add itself to our confederation."² When Napoleon invaded Spain in 1808, Jefferson was afraid that either England or France might come into the possession of Cuba.

Governor Claiborne of Louisiana wrote in December of 1810 to Secretary of State Robert Smith:

There is nothing I so much desire as to see the flag of my Country reared on Moro Castle. Cuba is the real mouth of the Mississippi, and the nation possessing it can at any time command the trade of the Western States. Give us Cuba and the American Union is placed beyond the reach of change.³

¹Leland K. Jenks, Our Cuban Colony, pp. 7-34.
²Charles E. Chapman, A History of the Cuban Republic, p. 47.
³Ibid., p. 48.
After the acquisition of Florida in 1819 Cuba was desired even more greatly by the United States. Shortly before 1819 there were rumors that Spain might cede Cuba to England, but the United States did not wish the island to be transferred from Spain to any other power.\textsuperscript{4}

John Quincy Adams, as Secretary of State under James Monroe, wrote to John Forsyth, United States Minister at Madrid, concerning Cuba:

For a multitude of considerations it has become an object of transcendent importance to the commercial and political interests of our Union. Its commanding position with reference to the Gulf of Mexico and the West Indies, its situation midway between our southern coast and the island of Santo Domingo, its safe and capacious harbor of the Havana, fronting a long line of our shores destitute of the same advantages, the nature of its productions, and its wants, furnishing the supplies and needing the return of a commerce and unusually profitable and naturally beneficial, give it an importance in the sum of our national interests with which that of no other foreign territory can be compared. Such indeed are, between the interest of that island and of this country, the geographical, commercial, and moral and political relations formed by Nature, gathering in the process of time, and even now verging to maturity, that looking forward to the probable course of events for the short period of half a century, it is scarcely possible to resist the conviction that the annexation of Cuba to our federal republic will be indispensable to the continuance and integrity of the Union itself.\textsuperscript{5}

One of the reasons for the Monroe Doctrine was the fear that Cuba might become the possession of some power other than Spain.\textsuperscript{6}

\textsuperscript{4}ibid., p. 49.


\textsuperscript{6}Chapman, \textit{op. cit.}, pp. 50-51.
Between 1823 and 1849 the United States stood firmly for Spanish sovereignty in Cuba. In 1825 it prevented the seizure of Cuba by Mexico and Columbia. In 1840 and 1843 it assured Spain that she could depend upon the armed strength of the United States to prevent any nation from taking Cuba from her. During this same year there was a rumor that Spain was going to sell Cuba to France. When a French fleet arrived in Cuba, the State Department announced that "the United States would under no circumstances permit any power other than Spain to hold Cuba or Puerto Rico." The fleet withdrew from the island.

In 1843 when a British fleet was on the way to Cuba, the State Department again invoked the Monroe Doctrine and made clear that the United States would not allow any other power than Spain to own Cuba.

After the Mexican War the attitude of the United States toward Cuba changed. It had acquired Texas and California. There was talk of building a canal across Central America. It was felt that it might need Cuba, and its national efforts were directed toward acquiring the island. This desire for acquisition was particularly strong in the South. The slave

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8Scott Nearing and Joseph Freeman, Dollar Diplomacy, pp. 237-238.

9Ibid., pp. 238-239.

10Benton, op. cit., p. 15.
states had watched with anxiety the growth of the free states in the North. They thought that by acquiring Cuba they could add to the number of slave states.\textsuperscript{11} The desire for Cuba was not confined to the South. Commercial interests of the North saw an advantage in annexing Cuba. This Northern desire for Cuba was checked to a great extent by anti-slavery sentiment.\textsuperscript{12}

On January 17, 1848, President James K. Polk offered Spain the sum of \$100,000,000 for Cuba. Spain refused to accept this offer.\textsuperscript{13}

One of the issues in the election of 1852 was the annexation of Cuba. With the return of the Democratic party to power in 1853 efforts were made to obtain the island. It was during this period that Spain seized and searched American vessels which landed there. Although claims were filed against Spain, she refused to pay any reparations.\textsuperscript{14} From these acts against American shipping emerged the Ostend Manifesto of 1854 which declared in part that we should purchase Cuba "because it commanded the mouth of the Mississippi whose immense and annually growing trade must seek that way

\textsuperscript{11}\textsuperscript{\textsuperscript{\textsuperscript{Nearing and Freeman, op. cit., p. 235.}}}

\textsuperscript{12}\textsuperscript{\textsuperscript{\textsuperscript{Benton, op. cit., p. 16.}}}

\textsuperscript{13}\textsuperscript{\textsuperscript{\textsuperscript{Milton Quaife, editor, The Diary of James K. Polk, Vol. III, p. 493.}}}

\textsuperscript{14}\textsuperscript{\textsuperscript{\textsuperscript{Ibid.}}}
to the ocean, and because the Union could never enjoy repose, could never be secure, till Cuba was within its boundaries.\textsuperscript{15} The Ostend Manifesto was issued by Pierre Soule, United States minister to Spain, James Buchanan, minister to Great Britain, and John Y. Mason, minister to France. It actually told Spain that if she would not sell Cuba, the United States would seize it. The United States government promptly repudiated the Manifesto, but many believed that the administration in Washington had inspired its three ministers to make it, and there were many in America who believed the United States should take such action.\textsuperscript{16}

As early as the year 1831 commerce between the United States and Cuba had become important. Between 1831 and 1840 an average of $15,000,000 worth of products a year were exported to the United States.\textsuperscript{17}

In 1832 American merchants were complaining of discrimination against American commerce by duties which Spain had levied upon their shipping.\textsuperscript{18}

Despite such discrimination our commerce with Cuba continued to increase, and for the decade 1840-1850 the yearly

\begin{footnotesize}
\textsuperscript{15}ibid., p. 241.

\textsuperscript{16}John L. Heaton, \textit{The Story of a Page}, p. 159.

\textsuperscript{17}Thomas Jordan, "Why We Need Cuba," \textit{The Forum}, XI (July, 1891), 562-563.

\end{footnotesize}
value of exports to the United States rose to $24,000,000.\textsuperscript{19}
Between 1851-1855 half of the ships entering Cuban ports were American vessels. Even at this early date Cuba carried on more trade with the United States than with Spain.\textsuperscript{20}

As trade with Cuba continued to grow, the action of Spain in restricting commerce by duties and imposing fines upon American ships for small irregularities began to create friction. In his fourth annual message to Congress on December 2, 1856, President Franklin Pierce said that the commerce of the United States with Cuba had been hampered and that negotiations with Spain had not yielded any results.\textsuperscript{21} James Buchanan, in his second annual message to Congress on December 6, 1858, discussed the problem of Cuba. He pointed out that all claims for injuries against American shipping had to go to Spain and then to Cuba. Such a procedure was time-consuming and prevented an early settlement of claims. Buchanan requested that Congress offer to purchase the island from Spain.\textsuperscript{22} On January 21, 1859, Buchanan sent a note to the Senate saying that he still believed Congress should sanction the purchase and that he did not feel he should take any action until Congress had done so.\textsuperscript{23} In his annual message to Congress

\textsuperscript{19}Jordan, op. cit., pp. 562-563.

\textsuperscript{20}Louis M. Hacker and Benjamin B. Kendrick, The United States Since 1865, p. 329.

\textsuperscript{21}Richardson, op. cit., Vol. V, p. 412.

\textsuperscript{22}Ibid., pp. 509-511.

\textsuperscript{23}Ibid., pp. 535-536.
in 1859 Buchanan repeated his desire to acquire Cuba and urged that Congress take action toward this end. A Senate bill appropriating $30,000,000 for the purchase of Cuba was allowed to die because of Northern anti-slavery pressure against it.

The Civil War created national problems which for the time pushed the Cuban question into the background. From 1860 until the outbreak of the Spanish-American War the efforts of the United States were directed toward more satisfactory commercial relations with Cuba.

In 1865 the United States was receiving eighty-five and five-eighths per cent of its imported sugar from Cuba. Between 1869 and 1882 sugar which had a value of $300,000,000, or an average value of $57,142,857 each year, was imported from Cuba.

The shipping interests of the United States were connected intimately with this trade. In 1875 the total value of imports from Cuba to the United States was $66,445,536. Of this amount $52,637,276, or nearly eighty per cent of the total, reached the United States in American ships. For this same year almost ninety-one per cent of the export trade of the United States with Cuba was carried on in American ships.

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24 Ibid., p. 642.  
26 Ibid.  
28 Ibid.
Cheap, unexploited lands and slavery made possible the production of sugar in Cuba at a low price. Great Britain and the United States furnished the market for this sugar production. After 1865 the United States became the main market for Cuban sugar, because Europe embarked upon an extensive program of sugar beet production.

During the 1880's the duties on sugar entering the United States brought $50,000,000 annually to the United States treasury. Cuba, in turn, traded extensively with the United States for staple goods such as lumber, machinery, and flour.

American merchants of Boston and New York financed many of the sugar plantations of Cuba. It was their investment which planted the cane, purchased machinery, and furnished labor. The raw sugar was shipped to the United States, and the merchants sold it for a profit. That such a business could be profitable might be shown by the estate accumulated by Moses Taylor of New York, the outstanding sugar magnate of the nineteenth century. Upon his death in 1882 he left an estate valued at $40,000,000.29

American-Cuban commerce continued to become more important. In 1850 the sum of trade into and out of the United States in regard to Cuba was $20,000,000.30 In 1860 it had

29 Hacker and Kendrick, op. cit., p. 329.
more than doubled, with the figure of $44,000,000.\textsuperscript{31} In 1880 it had reached $76,000,000.\textsuperscript{32}

Not only did Spain's regulations against our shipping create a handicap to trade, but the attitude of Spain toward Cuba created conditions which were unhealthy to the investment of domestic or foreign capital on the island. Spain looked more to the past than to the present and future. Bound by outmoded customs and ideas, she maintained generally the same methods of control over Cuba which had caused her to lose the rest of her American empire.\textsuperscript{33} Since the days of the discovery of America, Cuba had been a territory of Spain.

Since about 1848 Spain had placed heavy taxes upon the people of Cuba. All real and personal property was taxed heavily. The people were required to pay special taxes and license fees. Such things as the number of panes in a window glass, the number of chimneys on a house, the number of doors were taxed. Fees were required for every note, check, bill, draft, receipt, deed, and other types of transactions.\textsuperscript{34}

The cost of the rebellion in Santo Domingo in 1844 was placed upon Cuba. The cost of the Spanish expedition to

\textsuperscript{31}Hacker and Kendrick, \textit{op. cit.}, p. 331.

\textsuperscript{32}Mart, \textit{op. cit.}, p. 134.

\textsuperscript{33}James Morton Callahan, \textit{Cuba and International Relations}, pp. 364-368.

\textsuperscript{34}J. B. Foraker, "Our War with Spain: Its Justice and Necessity," \textit{The Forum}, XXV (June, 1898), 386.
Mexico in 1862, the war against Peru in 1866, aid in fighting the Carlistic wars in Spain, the maintenance of the penal station of Ferrando Po, the costs of the consular and diplomatic corps in North and South America, the cost of governing Cuba, and a pension for the descendants of Columbus were charged against the Cuban treasury. These expenses were met by the taxes levied on Cuba or were charged upon taxes to be collected. 35

The Cubans had appealed to Spain for relief from the heavy economic burden placed upon them. Spain gave no relief but, to the contrary, became more harsh in her treatment. 36

This attitude of Spain toward Cuba resulted in a revolution on the island in 1868 which lasted ten years. Conditions in Cuba naturally affected the interests of the United States, and during this revolt, known as the "Ten Years War," American citizens on the island were subject to arrest, confinement, and execution, if it were believed that they were assisting the insurgents. 37

A. H. Mora, an American citizen, owned large estates in Cuba; these estates were destroyed in 1870. The claim against Spain for payment for this damage came before the commission

36 Foraker, op. cit., p. 386.
established by the convention of 1871, but no decision was reached at that time.\textsuperscript{38} It was not until 1873 that Spain acknowledged that the Mora claim had a good basis. In 1876 the Spanish government said the claim should be paid, but Cuban authorities delayed taking action. Not until 1895 did Mora receive compensation for his loss.\textsuperscript{39}

On March 26, 1869, the United States schooner, \textit{Lizzie}, was arrested by Spanish authorities on the high seas. Two passengers were carried to Cuba as prisoners. Upon complaint from the United States they were released, and Spain acknowledged that the act was illegal and that she would not sanction such acts.\textsuperscript{40}

President Ulysses S. Grant, in speaking of the "Ten Years War," said: "The properties of many of our citizens have been destroyed or embargoed; the lives of several have been sacrificed, and the liberty of others has been restrained."\textsuperscript{41} President Grant declared that Cubans in many cases had come to this country to arouse sympathy from the Americans and to get aid. He said there were reports that Cuban bonds had been prepared for which repayment depended

\textsuperscript{38}French Enos Chadwick, \textit{The Relations of the United States and Spain}, pp. 423-425.

\textsuperscript{39}Callahan, \textit{op. cit.}, p. 461.

\textsuperscript{40}John Bassett Moore, \textit{A Digest of International Law}, Vol. VI, p. 62.

\textsuperscript{41}Richardson, \textit{op. cit.}, Vol. VII, p. 65.
upon whether or not the United States recognized Cuban belligerency or independence.\textsuperscript{42} Actually Cubans had been fleeing revolutions for a number of years by coming to the United States. Here they devoted their time to writing, making speeches, and in every way possible attempting to create friction between the United States and Spain. Through this means they hoped to cause war between the two countries, with the resulting independence of Cuba.\textsuperscript{43}

President Grant almost recognized the belligerency of the Cubans when he signed a proclamation to this effect in 1869. Secretary of State Hamilton Fish held it, waiting for further instructions, and the proclamation was never issued.\textsuperscript{44}

In 1873 Spain seized the \textit{Virginius}, a ship of American registry, which was carrying arms to Cuba. Fifty-three persons were executed, and public indignation in the United States was high. Secretary of State Hamilton Fish drafted practically an ultimatum which was presented to Spain by General Sickles, the American minister at Madrid. It was later discovered that the registration papers for the \textit{Virginius} had been fraudently obtained and that she was actually owned by the Cubans. A compromise between the United States and Spain resulted, and the vessel was surrendered to the United States.\textsuperscript{45}

\textsuperscript{42}ibid. \textsuperscript{43}Chadwick, \textit{op. cit.}, pp. 387-389. \textsuperscript{44}Benton, \textit{op. cit.}, pp. 14-20. \textsuperscript{45}ibid.
In 1875 Secretary of State Fish asked that the great powers of Europe intervene in the revolt of Cuba. England would not agree to this, and no further action was taken.\(^{46}\)

The treaty of Zanjan of 1878 ended the Cuban revolt. The revolution cost Spain $150,000,000.\(^{47}\) This amount was added to the Cuban public debt by Spain. Though the cost was heavy to Spain and Cuba, the United States did not really suffer greatly in an economic way. Most of the fighting was of a guerilla nature and occurred in the hills and unsettled parts of the island. Though the attention of the United States was focused on Cuba, Americans at this time did not even own enough property to cause any appreciable amount of concern.\(^{48}\)

Trade with Cuba had suffered, and President Rutherford B. Hayes, in his second annual message to Congress in 1878, brought out the fact that Spain had announced the cessation of hostilities in Cuba and that a revival of trade was expected. He also mentioned that claims against Spain as a result of the revolt were still pending.\(^{49}\) It is probable that the president was thinking chiefly of the Mora claim which had not yet been settled.

\(^{46}\)Ibid.


\(^{49}\)Richardson, op. cit., Vol. III, p. 496.
The ending of the revolt in 1878 ushered in one of the calmest periods of relationships between Spain and the United States that had probably ever existed. Cuban slavery had been abolished. The abolition of slaves in the United States had removed the longing of the South for Cuba. Railroads crossing the North American continent had removed much of the talk of an inter-oceanic canal and the acquisition of Cuba for military reasons.\textsuperscript{50}

Following the "Ten Years War" the Union Constitution-alists, a Cuban political party, called for customs reforms, special protection for the agricultural production of the island and for the tobacco industry, suppression of export duties, a reasonable reduction of imports, and a favorable commercial treaty with the United States, based on reciprocity.\textsuperscript{51} Spain temporarily became more liberal toward Cuba.

There began a new period in Cuba in the production of sugar. Progress in sugar production now required large expenditures of capital. The mills and railroads necessary for efficient, profitable production of sugar demanded foreign investments.\textsuperscript{52} The revolt on the island had caused property values to depreciate, and American business men felt that

\textsuperscript{50}Benton, \textit{op. cit.}, pp. 14-20.

\textsuperscript{51}Chadwick, \textit{op. cit.}, pp. 401-402.

\textsuperscript{52}Fernando Ortiz y. Fernandez, \textit{Cuban Counterpoint: Tobacco and Sugar}, p. 63.
this fact, along with Spain's more liberal treatment of Cuba, would be advantageous to investments.

It was not long before Spain began to sink back into her harsh methods of governing her possession. On December 6, 1881, President Chester A. Arthur announced in a message to Congress that Spain had recently imposed fines upon American shipping in Spanish and colonial ports for small irregularities in manifests. During this same year an American cattle steamer, normally taxed $14.90, was taxed $387.40, because the steamer was carrying some lumber.

In his annual message to Congress on December 4, 1882, President Arthur pointed out that efforts to have fines removed from American vessels for trivial offenses when in Spanish ports had proved unsuccessful. Two years later he said there was a greater need for freedom of intercourse between Cuba and the United States and that the United States was the natural market for the Spanish Antilles.

54 Hart, op. cit., p. 134.
56 Ibid., p. 239.
CHAPTER II

AMERICAN INTERESTS IN CUBA, 1883-1895

Until the 1880's, investment relations with Cuba and the United States were not of any great size. Americans went to Cuba and established estates of medium size on a small amount of capital. Production of sugar, coffee, cocoa, tobacco, and the raising of cattle were the main enterprises of these estates.

American merchants, ship owners, and banks placed representatives in the more important towns of Cuba, and these representatives lent money to planters so that they might plant, harvest, and work their crops. The repayment of these loans was accompanied by interest. Merchants sold goods to the planters on credit. At the end of the year a bill was presented to them bearing twelve per cent interest. Organizations were established to handle sugar, usually on the basis of a commission of five per cent, not including the cost of producing and transporting it.

These types of economic enterprises in which Americans in Cuba engaged were by no means controlled by Americans. The largest volume of this business was probably carried on by Spanish firms. Other European powers, along with the Cubans themselves, were engaged in these enterprises.
Following the "Ten Years War" a period began which witnessed the rapid growth of large American financial interests in Cuba. The war had created destruction and loss of trade for the island. Many plantations which had been advanced money by American merchants found themselves near bankruptcy. This situation drew the American financiers into closer contact with the sugar estates, and in many cases the estates were taken over entirely by Americans. It was possible to buy property in Cuba at unusually low prices. This was a temptation to American investors, and many of them purchased estates in the Spanish possession.

The first outstanding investments in the sugar industry were made by E. Atkins and Company of Boston. They had, through their agents, financed planters. The Sarria family, owner of several estates, found itself at the close of the "Ten Years War" unable to pay the loans of Atkins and Company. The company took one of the estates in payment for the loan. Improvements and additional territory were added, and by 1893 it was one of the outstanding plantations on the island. At this time it contained twelve thousand acres, with five thousand acres planted in sugar cane. As many as twelve hundred men were needed to harvest the cane crop. The Atkins Company owned twenty-three miles of railroad which served as transportation for the estate.1

1Jenks, op. cit., pp. 33-35.
It was not only the low price of property and the bankruptcy of plantations which opened the door to United States capital. The attitude of Spain toward Cuba and the growth of the sugar beet industry of Europe had lowered the price of sugar greatly. It was necessary to produce sugar as efficiently and cheaply as possible due to intense competition.

The United States was entering a new phase in its history. It had, until recently, been a debtor nation. Capital from Europe had, to a great extent, developed the American continent. Now it was no longer a debtor nation but was even looking abroad for sources of investment of its capital.

Spain's liberal attitude toward Cuba immediately following the "Ten Years War" faded away. Under this more lenient treatment, sugar production on the island had increased. Spain saw a chance to extract from her possession more economic profits than she had received in the past.

A six dollar export duty was placed on each hogshead of sugar, and various taxes were levied which affected the plantation owners. The transportation systems of the island were monopolies, and they charged extra high prices for the handling of sugar. The taxes on sugar were estimated to be one hundred and forty-three per cent of its value. Small plantations and farms were unable to survive the heavy taxation.
Along with heavy taxes was a high Cuban tariff which created a high cost of living and made production of sugar expensive almost to the point of ruin. Two thousand five hundred pounds of cane were valued at six dollars and ten cents; yet the cost of making sugar from this amount of cane was five dollars and ninety-seven cents, which left a net profit of thirteen cents.

The increase in beet sugar production in Europe further made necessary a cheaper production of Cuban sugar. Table 1 shows by decades the increase in beet sugar production in Europe in terms of tons from 1840 through 1880.

**TABLE 1**

BEET SUGAR PRODUCED IN EUROPE IN TONS
BY DECADES FROM 1840 THROUGH 1880

<table>
<thead>
<tr>
<th>Year</th>
<th>Tons</th>
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<tbody>
<tr>
<td>1840</td>
<td>50,000</td>
</tr>
<tr>
<td>1850</td>
<td>200,000</td>
</tr>
<tr>
<td>1860</td>
<td>900,000</td>
</tr>
<tr>
<td>1870</td>
<td>1,860,000</td>
</tr>
<tr>
<td>1880</td>
<td>3,841,000</td>
</tr>
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In order to accomplish cheap production, the central factory system was devised. One factory with more modern machinery served a large number of plantations located around it. This system invited the investment of American money. In fact, it was essential that foreign resources be used to

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2\textsuperscript{nd}, S. War Dept., \textit{Report on the Census of Cuba, 1899}, p. 525.
develop the expensive Centrales. Under this system the production of sugar increased steadily.3

Table 2 shows the increase in sugar crops in tons from 1883 through 1895.

<table>
<thead>
<tr>
<th>Year</th>
<th>Tons</th>
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<tbody>
<tr>
<td>1883</td>
<td>460,397</td>
</tr>
<tr>
<td>1884</td>
<td>558,937</td>
</tr>
<tr>
<td>1885</td>
<td>631,000</td>
</tr>
<tr>
<td>1886</td>
<td>731,723</td>
</tr>
<tr>
<td>1887</td>
<td>846,578</td>
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<tr>
<td>1888</td>
<td>656,719</td>
</tr>
<tr>
<td>1889</td>
<td>560,533</td>
</tr>
<tr>
<td>1890</td>
<td>632,366</td>
</tr>
<tr>
<td>1891</td>
<td>816,980</td>
</tr>
<tr>
<td>1892</td>
<td>970,960</td>
</tr>
<tr>
<td>1893</td>
<td>815,894</td>
</tr>
<tr>
<td>1894</td>
<td>1,004,214</td>
</tr>
<tr>
<td>1895</td>
<td>1,004,264</td>
</tr>
</tbody>
</table>

The value of this production varied according to world conditions.

In 1885 sixty-five and five-tenths per cent of sugar imported into the United States came from Cuba. In 1886 seventy-one and one-sixteenth per cent of this sugar came from Cuba. Adding to the value of this trade was the fact that a great percentage of Cuban imports came to the United States in American ships. In 1886 sixty-eight and five-eighths

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4U. S. War Dept., op. cit., p. 528.
per cent of Cuban exports came to this country on American
ships.  

Table 3 indicates the value of Cuban sugar on a yearly
basis from 1885 through 1895.

TABLE 3
VALUE OF CUBAN SUGAR FROM 1885
THROUGH 1895

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1885-89</td>
<td>$44,500,000</td>
</tr>
<tr>
<td>1890</td>
<td>45,300,000</td>
</tr>
<tr>
<td>1891</td>
<td>57,400,000</td>
</tr>
<tr>
<td>1892</td>
<td>62,300,000</td>
</tr>
<tr>
<td>1893</td>
<td>64,300,000</td>
</tr>
<tr>
<td>1894</td>
<td>62,000,000</td>
</tr>
<tr>
<td>1895</td>
<td>45,400,000</td>
</tr>
</tbody>
</table>

President Grover Cleveland in addressing Congress in 1886
said that Cuba's "commercial and financial movements are so
naturally a part of our system that no obstacle to fuller and
freer intercourse should be permitted to exist."  

During 1886 Spain had agreed to the principles of reci-
procity, but this agreement was not practiced by Cuban author-
ities. They fined American interests for small errors. They
could always find a reason for the fines, but the reason was
usually trivial and unimportant.  

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6Jenks, op. cit., p. 40.
8Callahan, op. cit., pp. 454-456.
By the late 1880's six American shipping lines made regular calls at Cuban ports. In 1889 President Benjamin Harrison informed Congress of the importance of our commerce with Cuba. He said that ill treatment of our vessels in the ports of Cuba should be stopped. Commerce between the United States and Cuba increased at the expense of the United States Treasury in 1890. At that time the Treasury of the United States was prosperous. The Civil War debt was almost paid. Congress, controlled by Republicans, cut many sources of revenue. The McKinley tariff bill of October 1, 1890, placed unrefined sugar on the free list for the first time. To offset the free entrance of sugar into the United States and to protect home sugar interests, the government instituted bounties for domestic producers of sugar. The consumer was now able to get cheaper sugar, but Table 4 shows that the loss of revenue to the United States was around $50,000,000 a year. As may be seen at a glance, the McKinley act accomplished the first objective in its title, since it was "An act to reduce the revenue...."

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10Richardson, *op. cit.*, p. 35.
13Ibid., p. 296.
TABLE 4
THE EFFECT OF ENTRANCE OF FREE SUGAR
ON UNITED STATES REVENUE

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue from Sugar</th>
<th>Bounty on Sugar</th>
</tr>
</thead>
<tbody>
<tr>
<td>1885-86</td>
<td>$50,265,533</td>
<td>. . . . . .</td>
</tr>
<tr>
<td>1886-87</td>
<td>56,507,496</td>
<td>. . . . . .</td>
</tr>
<tr>
<td>1887-88</td>
<td>60,647,014</td>
<td>. . . . . .</td>
</tr>
<tr>
<td>1888-89</td>
<td>54,396,437</td>
<td>. . . . . .</td>
</tr>
<tr>
<td>1889-90</td>
<td>53,985,974</td>
<td>. . . . . .</td>
</tr>
<tr>
<td>1890-91</td>
<td>32,303,693</td>
<td>. . . . . .</td>
</tr>
<tr>
<td>1891-92</td>
<td>76,795</td>
<td>7,343,078</td>
</tr>
<tr>
<td>1892-93</td>
<td>163,956</td>
<td>9,375,131</td>
</tr>
<tr>
<td>1893-94</td>
<td>250,764</td>
<td>12,100,209\textsuperscript{14}</td>
</tr>
</tbody>
</table>

At this time Spain, to protect economic interests in her own country, raised by twenty-five per cent the duty on goods entering Cuba from foreign countries. Secretary of State James G. Blaine realized that, due to Cuba's close economic connection with the United States, the Americans wielded a power that Spain could not ignore. He insisted that the Aldrich amendment become a part of the McKinley tariff. On October 1, 1890, the McKinley tariff, along with the Aldrich amendment, became law. This made it possible for President Harrison to levy a duty on various products, sugar included, coming from countries whose tariffs were injuring the United States.

Spain realized that this would spell disaster for Cuba. It would destroy the American market for sugar and tobacco

\textsuperscript{14}Ibid., p. 297.
and would cause many sugar factories on the island to close. In view of these circumstances, Spain and the United States negotiated the Foster-Canovas treaty of 1891. This treaty permitted Cuban sugar and other products to enter the United States without duty. It encouraged other American Centrales to be established. Spain abolished and reduced many of the duties on goods entering Cuba from the United States. The manufacture of raw sugar in Cuba soared, and facilities were expanded. Millions of American dollars poured into the island. In 1893 a group of sugar merchants in New York established the Tuinucia Cane Sugar Company with a mill near Sancti Spiritus.

Under the favorable provisions of the Foster-Canovas treaty, American-Cuban commerce increased from the value of $67,000,000 in 1890 to $103,000,000 in 1893. Cuba became more prosperous, and as a result purchased more goods from the United States. Between 1876 and 1891 products valued at $23,388,357 were purchased from Cuba, and for this same period goods valued at $188,699,345 were sold to Cuba. The

16Ibid., pp. 33-35.
17Callahan, op. cit., pp. 454-456.
19Ibid., pp. 33-35.
balance of trade had been definitely in favor of Cuba and greatly to her advantage. In 1891 Cuba's imports from the United States increased $431,398 over the average of the previous sixteen years. 21

Table 5 shows which countries received the exports of Cuban sugar and tobacco in 1893 and how much each received.

TABLE 5
EXPORTS OF CUBAN SUGAR AND TOBACCO IN 1893

<table>
<thead>
<tr>
<th>Exported to:</th>
<th>Sugar: Tons</th>
<th>Tobacco: Bales</th>
<th>Cigars: Number</th>
<th>Cigarettes: Packages</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>680,642</td>
<td>153,314</td>
<td>67,492,000</td>
<td>6,497,575</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>3,045</td>
<td>929</td>
<td>30,668,000</td>
<td>1,470</td>
</tr>
<tr>
<td>Germany</td>
<td>. . . .</td>
<td>22,847</td>
<td>21,857,000</td>
<td>35,430</td>
</tr>
<tr>
<td>France</td>
<td>. . . .</td>
<td>3,832</td>
<td>11,080,000</td>
<td>632,442</td>
</tr>
<tr>
<td>Spain</td>
<td>9,448</td>
<td>39,599</td>
<td>12,118,000</td>
<td>5,935,741</td>
</tr>
<tr>
<td>South and Central America</td>
<td>. . . .</td>
<td>209</td>
<td>2,544,000</td>
<td>2,716,756</td>
</tr>
<tr>
<td>Canada</td>
<td>25,069</td>
<td>. . . .</td>
<td>. . . .</td>
<td>. . . . .</td>
</tr>
<tr>
<td>All Others</td>
<td>97,690</td>
<td>1,135</td>
<td>1,606,000</td>
<td>20,709,079</td>
</tr>
<tr>
<td>Total</td>
<td>815,690</td>
<td>227,865</td>
<td>147,355,000</td>
<td>39,561,493 22</td>
</tr>
</tbody>
</table>

In 1893 Cuba exported 7,654 hogsheads of molasses. All except eighteen hogsheads went to the United States. 23 By

21Callahan, op. cit., pp. 454-456

22U. S. Dept. of State, Commercial Relations of the United States with Foreign Countries During the Years 1894 and 1895, Vol. 1, p. 57.

23Ibid.
the year 1894 trade between Cuba and the United States was valued at $105,000,000.24

The United States did not hold a monopoly on investments in Cuba in the 1890’s. British capital controlled the railroads. The banks were controlled largely by citizens of Great Britain, Germany, and France. American interests compared with those of the other nations were relatively small.25

It was trade with Cuba and American investments in the field of sugar which economically tied her to the United States. Her economy, based on sugar, required the expenditure of American capital to function and expand.26 Four-fifths of the wealth of Cuba was a result of sugar, and the United States purchased practically all of Cuba’s sugar.27

It was necessary that Cuba maintain the most cordial relations with the American Sugar Refining Company or the door to entry of Cuban sugar to this country would be practically closed.28

Cuba realized that a satisfactory commercial relationship with the United States was essential to her prosperity. It had constantly worked for such a relationship. It was not

26Ibid., p. 330.
until 1893 that Spain agreed to accept the provisions of reciprocity under the tariff of 1890. Even then the authorities of Cuba refused to accept this arrangement. Those who governed Cuba were largely from Spain, and if they could profit financially or politically by any action, they pursued such a course. The authorities claimed they were governed by a special Spanish translation from the treaty and not by the Spanish version translation.\(^{29}\) Cuba, caught between the exploitation of Spain and the local authorities, found its economic plight indeed difficult.

In 1893 there occurred a depression which was world-wide in scope. It fell upon both Cuba and the United States.\(^{30}\) In 1894 the Congress of the United States, in order to obtain more revenue and to protect domestic producers, passed the Wilson tariff act. This act placed a forty per cent duty on the entry of sugar from Cuba. Spain, in turn, restored duties on United States' products entering the island. The price of Cuban sugar fell the lowest it had ever been, and at the same time the price of goods from the United States rose.\(^{31}\) Cuba was now forced to trade with Spain. Wheat, going from the United States to Cuba had to go to Spain, where duty was paid on the cargo, then on to Cuba.\(^{32}\)

\(^{29}\)Hart, op. cit., p. 134.  
\(^{30}\)Millis, op. cit., pp. 22-23.  
\(^{32}\)Benton, op. cit., p. 22.
of reciprocity, Cuba was placed between both Spanish and American protection. It sank from wealth to poverty. Cubans became unemployed and discontented and blamed Spain for their condition.

Edward F. Atkins, the leading American sugar planter in Cuba, said of the tariff of 1894:

By this act, the reciprocity treaties were abrogated; Cuban raw sugar was taken off the free list, and Spain retaliated by returning to her old discrimination against the United States imports into Cuba; the cost of living in Cuba advanced and the price of sugar dropped; credit became impaired, and estates upon finishing their crop in 1895 discharged their hands. Unrest flamed out into insurrection that ended in the Spanish American War.33

In 1894 President Grover Cleveland told Congress that Spain had in the immediate past levied exorbitant penalties against American vessels without any explanation, and that the Mora claim against Spain had not yet been settled.34 In 1895 President Cleveland again protested against excessive fines on American ships and told Congress that, though the situation had improved, the practice had not yet been discontinued.35

Sugar and commerce were the key connections between Cuba and the United States. There were, however, other American economic interests on the island that exerted a minor

34 Richardson, op. cit., Vol. IX, pp. 529-530.
influence on the United States government during the years immediately preceding the Spanish-American War.

Americans had invested more than $5,000,000 in Cuba in tobacco by 1896. This amount was only a fraction of its interests at this date, for it was estimated that the total American investments in Cuba by 1895 were valued at approximately $50,000,000.36

In the early 1880's the Spanish government initiated liberal mining regulations. These regulations provided that a mine could be acquired by the declaration of a claim and that for twenty years the mine would not be taxed. For a period of five years a mining company could import supplies and equipment without paying duty.37

Cuba possesses iron deposits which are composed mainly of hematite. The ore contains sixty-two per cent iron and is easy to work.38 These deposits and liberal mining regulations resulted in American investment in mining in Cuba.

The Juragua Iron Company, controlled by the Pennsylvania Iron Works, and the Bethlehem Iron Works opened a chrome-iron ore mine in 1883. These same American interests opened a manganese and nickel-iron ore mine near Daiquiri in 1889. Bethlehem also controlled the Panuco Manganese Company near

37 Jenks, op. cit., pp. 35-36.
38 U. S. War Dept., op. cit., p. 21.
Santiago. In the 1890's, the workings of this company were unable to meet the American demand for manganese and nickel iron ore. In 1893 the Pennsylvania Steel Company and the Bethlehem Iron Works purchased large deposits of iron ore near Santiago. The Lake Superior Consolidated Iron Mines also invested in Cuban mines in the 1890's. By 1895, the Juragua Iron Company had shipped more than three million tons of iron ore out of Cuba. The other companies that were engaged in mining operations in Cuba at this time were interested more in developmental work than in actual mining operations.

American capital, it appeared, developed the mineral resources of eastern Cuba as a supplement to the armor-plate industry which from about 1887 was being developed in the United States under the auspices of the Bethlehem Iron Works and the Carnegie Steel Company.

The total value of American investments in Cuba were estimated by Secretary of State Olney in his annual report on December 7, 1896, as follows: Cienfuegos district, $12,000,000; Matanzas, $9,000,000; Sagua district, $9,229,000;

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40 Hacker and Kendrick, op. cit., p. 331.
41 U. S. War Dept., op. cit., p. 21.
42 Jenks, op. cit., p. 36.
Santiago mines, $15,000,000. There were also some tobacco estates in Pinar del Rio, and other commercial and manufacturing establishments that had not been tabulated, which would, Mr. Olney believed, bring the total up to $50,000,000. 43

The American mining interests, however, were more completely American than any other economic activity on the island. It was estimated in 1896 that these interests alone were worth approximately $15,000,000. 44

Americans did not own Cuba in 1898. They did not own any considerable part of Cuba, except in the mining industry where they controlled the concessions which had proved valuable. The railways were becoming British. Many other undertakings were Spanish. There were no American banks in Cuba. Agricultural credit was in the hands of the merchant-bankers in the port towns, who, with their foreign connections, American and also British, German and French, supplied their customers with what they needed and marketed their crops upon commission. It was only the market for sugar which was controlled in the United States. 45

In the revolt which was to sweep Cuba in 1895, these investments and commercial ties were to exert a new type of influence upon the United States government which it had never before experienced. European nations had for many years realized the close connection between economic interests abroad and the effects they had on policies and foreign

43 ibid., pp. 36-37.

44 Hacker and Kendrick, op. cit., p. 331.

45 Jenks, op. cit., p. 37.
relations. They had discovered that foreign investments would change and control foreign policy. The United States had never in the past had any sizable investments outside its own borders. The effects of American interests in Cuba were definitely to shape political thinking and action in Washington.46

46Nearing and Freeman, op. cit., p. 17.
CHAPTER III

THE CUBAN REVOLT OF 1895 AND ITS
EFFECT ON AMERICAN INTERESTS

From 1883 until 1895, an average of $25,000,000 in revenue per year was wrung from Cuba through Spain's system of exhorbitant taxation. Of this amount, $10,500,000 was used by Spain to pay interest on the Cuban debt; $12,000,000 was spent on the Spanish-Cuban army and navy and on the upkeep of Spanish government in Cuba. This left only $2,500,000 to be used in Cuba for education, public works, and other local expenses of the island.¹

Cuba in 1894 was paying $6,197,135 (or 23.18 per cent of the budget for the year of $26,733,219) for the support of the army employed solely in Cuba and $1,094,071 for the navy; $12,933,970 went chiefly for interest on the debt; $826,922 for public improvements, though but eighty-eight miles of highway had been built in 28 years; $182,000 were assigned to public instruction.²

During the last quarter of the nineteenth century, Spain had built no highways in Cuba. The few miles that had been built during this time were financed completely by Cuba. No telegraph lines had been built or expanded. Havana harbor

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¹U. S. War Dept., op. cit., p. 38.
²Chadwick, op. cit., p. 404.
became so dirty and filthy that it caused an epidemic of yellow fever each year.\(^3\)

The commerce of the island had been crippled with every country except Spain. The principal industries were hampered by excessive taxation.\(^4\) In 1897 the public debt in Cuba had reached \$283.84 per person. This was over three times the per capita debt of Spain and larger than the per capita debt in any country in Europe.\(^5\) Mortgage indebtedness against real estate was abnormally high. Table 6 gives the value of rural real estate, with the amount of mortgage indebtedness against it and the amount of quit rents.

### TABLE 6

VALUE OF RURAL REAL ESTATE IN CUBA IN 1895 WITH MORTGAGE INDEBTEDNESS AND QUIT RENTS

<table>
<thead>
<tr>
<th>Province</th>
<th>Value of Property</th>
<th>Amount of Mortgage Indebtedness</th>
<th>Amount of Quit Rents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Habana</td>
<td>$44,140,610.00</td>
<td>$18,797,063.00</td>
<td>$7,037,047.42</td>
</tr>
<tr>
<td>Matanzas</td>
<td>45,594,917.40</td>
<td>35,754,485.38</td>
<td>9,178,964.43</td>
</tr>
<tr>
<td>Pinar del Rio</td>
<td>28,932,950.50</td>
<td>8,060,998.31</td>
<td>4,833,793.36</td>
</tr>
<tr>
<td>Puerto Príncipe</td>
<td>3,466,736.90</td>
<td>2,706,196.52</td>
<td>934,795.10</td>
</tr>
<tr>
<td>Santa Clara</td>
<td>41,838,395.00</td>
<td>37,422,559.71</td>
<td>3,445,936.78</td>
</tr>
<tr>
<td>Santiago de Cuba</td>
<td>20,701,166.20</td>
<td>4,135,946.40</td>
<td>188,915.72</td>
</tr>
<tr>
<td>Total</td>
<td>$184,724,836.00</td>
<td>$106,897,249.32</td>
<td>$25,679,452.81(^6)</td>
</tr>
</tbody>
</table>

\(^3\) Thomas Gold Alvard, Jr., "Is the Cuban Capable of Self Government?" *The Forum*, XXIV (September, 1897), 119.

\(^4\) Chadwick, *op. cit.*, p. 404.

\(^5\) U. S. War Dept., *op. cit.*, p. 36.

\(^6\) Ibid.
Table 7 gives the value of city real estate, with the amount of mortgage indebtedness against it and the amount of quit rents.

<table>
<thead>
<tr>
<th></th>
<th>Value of Property</th>
<th>Amount of Mortgage Indebtedness</th>
<th>Amount of Quit Rents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Havana</td>
<td>$84,804,500.00</td>
<td>$89,522,541.96</td>
<td>$11,900,842.61</td>
</tr>
<tr>
<td>Matanzas</td>
<td>17,704,963.50</td>
<td>4,565,557.49</td>
<td>1,264,729.11</td>
</tr>
<tr>
<td>Finar del Rio</td>
<td>3,278,733.80</td>
<td>640,609.89</td>
<td>288,744.55</td>
</tr>
<tr>
<td>Puerto Príncipe</td>
<td>2,428,446.00</td>
<td>461,078.83</td>
<td>388,335.40</td>
</tr>
<tr>
<td>Santa Clara</td>
<td>19,761,472.30</td>
<td>3,965,725.35</td>
<td>497,992.04</td>
</tr>
<tr>
<td>Santiago de Cuba</td>
<td>10,938,944.10</td>
<td>1,454,449.99</td>
<td>270,206.77</td>
</tr>
<tr>
<td>Total</td>
<td>$138,917,059.70</td>
<td>$100,729,963.51</td>
<td>$14,608,850.48</td>
</tr>
</tbody>
</table>

The enormous public debt of Cuba and the general poverty on the island were evidences that conditions could not continue in the future as they had in the past. Two months before hostilities broke out, the United States was disturbed by a rumor that England planned to take Cuba and assume her public debt. In return England would give Gibraltar to Spain and agree to any plan Spain might have for Morocco. It was claimed that England would profit by such a transaction due to Cuba's location near the proposed Panama canal.

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Officials in London said they knew nothing at all about the rumor.\textsuperscript{8}

It is probable that the rumor was started by the Cubans themselves to arouse interest on the part of the United States in the conditions of the island. The insurrection, which occurred about two months later, on February 24, 1895, did not just flare up. For a period of years it had been carefully planned.\textsuperscript{9}

Cuba had always looked toward the United States with longing. This attitude was not so much from the view of annexation as with admiration and the desire to copy the United States. It had revolted against England and become a great free nation. Cuba was an economic vassal to her mother country, so much more than the English Colonies had ever been to England. The modified reform bill of Maura in 1894, though approved by the Cortes, seemed useless to many Cubans. This bill gave a greater measure of home rule to the Spanish possession. Under its provisions, the governor of the island would be appointed by Spain, but Cuba would receive more local representation in the Insular Council. Legislation for commerce, posts and telegraphs, and similar matters would be more localized than in the past. However, such legislation

\textsuperscript{8}Callahan, \textit{op. cit.}, p. 462.

\textsuperscript{9}Clarence King, "Fire and Sword in Cuba," \textit{The Forum}, XXII (September, 1896), 31-32.
would still be subject to the approval of Madrid. Many people in Cuba had reached the point that they believed it would, forever, be impossible to make progress as long as they belonged to Spain. Promises had been made and broken by Spain. Separation from it had become the only solution in the minds of many Cubans.\textsuperscript{10}

The depression of 1893 and the Wilson tariff of the United States in 1894, along with Spain's increase on foreign duties entering Cuba, were heaped upon the already serious economic plight of Cuba. In 1894 plans were being laid in Cuba for a revolt against Spain. Munitions and war supplies were being sent to Cuba from Key West and other points on the Florida coast.

A Key West paper of 1897 deplored the periodical expeditions to Cuba and said that they could only delay the independence of the island and might induce some Spanish commander to bombard Key West in order to capture the revolutionary chieftains who made the city their asylum.\textsuperscript{11}

Certainly, the United States, at this time, had no interest in annexing Cuba. In 1890, Secretary of State James Blaine said:

\begin{quote}
We are not seeking annexation of territory. Certainly we do not desire it, unless it should come by the volition of the people who might ask the priceless boon of a place under the flag of the Union. I feel sure that for a long time to come the people of
\end{quote}

\textsuperscript{10}Callahan, \textit{op. cit.}, pp. 459-560.

\textsuperscript{11}Ibid., p. 457.
the United States will be wisely content with our present area, and not launch upon any scheme of annexation.\textsuperscript{12}

Cuba, herself, did not expect to be annexed to the United States, though she hoped for assistance, even to the point of a declaration of war by the United States against Spain.

The revolt of February, 1895, was the fifth insurrection which had broken out against Spain in Cuba in the nineteenth century.\textsuperscript{13} At first, Spain classed it as only a skirmish which would soon end. Señor Segundo Alvarez, a former mayor of Havana, claimed that the insurrection was making no progress and would not be well supported by the Cubans. The only success it had accomplished was through outside financial aid which came mainly from the United States. Alvarez was of the opinion that Cuba would remain under the flag of Spain.\textsuperscript{14}

The western end of the island was more under the control of Spain and did not support the revolt as fully as did the eastern part. The eastern part, where Negroes and Cubans grew and ground cane, was the seat of deepest discontent.\textsuperscript{15}

\textsuperscript{12}\textit{Ibid.}, p. 459.

\textsuperscript{13}H. Howard, "Five Weeks with the Cuban Insurgents," \textit{The Living Age}, IX (February 1, 1896), 259.


\textsuperscript{15}Frederic L. Paxson, \textit{The New Nation}, p. 258.
The revolt developed into a full-scale war, and on June 12, 1895, President Cleveland issued a proclamation recognizing that the revolt in Cuba was beyond the control of Spain. He said that those who violated the laws of neutrality of the United States would be severely punished.\(^{16}\)

The Cubans termed their fight as one of "independence or extermination." They realized that Spain would use whatever resources she might find on the island to assist her in stopping the revolution. On July 1, 1895, the following proclamation was issued by Maximo Gomez, the Cuban Commander-in-Chief:

GENERAL HEADQUARTERS OF THE ARMY OF LIBERATION
NAJASA CAMAQUEY, July 1, 1895

TO THE PLANTERS AND OWNERS OF CATTLE RANCHES:

In accord with the great interests of the revolution for the independence of the country and for which we are in arms;

Whereas, all exploitations of any product whatsoever are aids and resources to the government that we are fighting, it is resolved by the general-in-chief to issue this general order throughout the island that the introduction of articles of commerce, as well as beef and cattle, into the towns occupied by the enemy is absolutely prohibited. The sugar plantations will stop their labors and whoever shall attempt to grind the crop, notwithstanding this order, will have their cane burned and their buildings demolished. The person who, disobeying this order, will try to profit from the present situation of affairs, will show by his conduct little respects for the rights of the revolution of redemption, and therefore shall be considered as an enemy, treated as a traitor and tried as such in case of his capture.

MAXIMO GOMEZ, THE GENERAL-IN-CHIEF\(^{17}\)

\(^{16}\)Chadwick, op. cit., pp. 411-412.

\(^{17}\)Ibid., p. 408.
Despite this proclamation, many Cuban plantations prepared to harvest their crops. On November 6, 1895, the following order was issued:

HEADQUARTERS OF THE ARMY OF LIBERATION
TERRITORY OF SANCTI SPIRITUS, November 6, 1895

Animated by the spirit of unchangeable revolution in defense of the rights of the revolution of redemption of this country of colonists, humiliated and despised by Spain, and in harmony with what has been decreed concerning the subject in the circular dated the 1st of July, I have ordered the following:

ARTICLE I. That all plantations shall be totally destroyed, their cane and outbuildings burned and railroad connections destroyed.

ARTICLE II. All laborers who shall aid the sugar factories - these sources of supplies that we must deprive the enemy of - shall be considered traitors to their country.

ARTICLE III. All who are caught in the act, or whose violation of Article II shall be proven shall be shot. Let all chiefs of operations of the army of liberty comply with this order, determined to unfurl triumphantly even over ruin and ashes the flag of the republic of Cuba.

In regard to the manner of waging the war, follow the private instructions that I have already given.

For the sake of honor of our arms and your well known courage and patriotism, it is expected that you will strictly comply with the above orders.

M. GOMEZ, GENERAL-IN-CHIEF
To the chief of operations: Circulate this. ¹⁸

According to Señor Estrada Palma, diplomatic agent of the Cuban Republic to the United States, in a letter of December 7, 1895, to Secretary of State Richard Olney, it was necessary to destroy the plantations of Cuba. Palma compared the situation with the destruction of the cotton crop and baled cotton by the South during the Civil War.

¹⁸Ibid., p. 409.
He justified the destruction in Cuba by saying it was merely a blockade on the land to prevent Spain from profiting from the crops.\textsuperscript{19}

Regardless of the reasons and the logic behind the destruction in Cuba, it vitally affected American interests. By the beginning of 1896, over half of Cuba was in the possession of the insurgents. Flames and destruction covered the land; fire was applied to both cane fields and plantations. The fortunes of Americans and Cubans went up in smoke. Destruction and ruin existed on one-time prosperous plantations.\textsuperscript{20}

In November of 1896, Atkins's agent reported that the region around Cienfuegos was filled with rebels and troops. He organized a small army, and the Spaniards sent guards from Cienfuegos to help watch the estates. Each night the glow of burning cane fields came closer to the Atkins plantation. It was not long until the rebels set fire also to the Atkins's holdings.\textsuperscript{21}

The campaign of Gomez against the sugar interests brought calls for protection from Antonio M. Yzanago, Jose Rafael de las Reynes, and Deuardo Alvarez Coerice. These three men were all born in Cuba and were the sons of wealthy

\textsuperscript{19}Ibid., p. 410.

\textsuperscript{20}Callahan, \textit{op. cit.}, p. 465.

\textsuperscript{21}Millis, \textit{op. cit.}, p. 36.
Cubans. Their acquisition of American citizenship gave them the right to protection by the United States, but Spain could not understand such circumstances. 22

Gomez didn't intend to defeat the Spanish army. By destroying all the economic life of the island and starving the cities, he would force Cubans to join the insurgents. Spain would finally give in, or the United States would intervene. 23

In most cases, the plantations which were destroyed belonged to people who had not joined the revolutionary cause. American interests in the island at this time totaled $50,000,000. Of this amount, $30,000,000 was in sugar investments. The United States suffered the greatest loss. It appeared that the price for Cuba's independence was being paid by economic interests of the United States and Cuba. The claim of the insurgents that the loss of revenue would hinder the Spanish war effort did not contain much support. Complete stoppage of all revenue would be only $26,000,000, and the war was costing Spain $100,000,000 a year. 24

22 Ibid., p. 34.

23 Ibid., p. 31-32.

Table 8 indicates the slump in the production of sugar which was caused by the revolt.

TABLE 8

THE REVOLT OF 1895 AND ITS EFFECT ON SUGAR PRODUCTION IN CUBA

<table>
<thead>
<tr>
<th>Year</th>
<th>Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>1894-95</td>
<td>1,004,264</td>
</tr>
<tr>
<td>1895-96</td>
<td>225,221</td>
</tr>
<tr>
<td>1896-97</td>
<td>212,051</td>
</tr>
<tr>
<td>1897-98</td>
<td>204,12325</td>
</tr>
</tbody>
</table>

As the revolt continued, the United States made efforts to solve the Cuban problem. It was first suggested that it recognize the insurgents as belligerents. On February 28, 1896, a resolution to this effect passed the Senate, and on April 6, 1896, the House concurred with this resolution:

Resolved that, in the opinion of Congress, a condition of public war exists between the Government of Spain and the Government proclaimed, and for some time maintained by force of arms by the people of Cuba and that the United States of America should maintain a strict neutrality between the contending Powers according to each all the rights of belligerents in the ports and territories of the United States.

Resolved further, that friendly offices of the United States should be offered by the president to the Spanish Government for the recognition of the independence of Cuba.26

President Cleveland said the resolution was ineffective because it was not concurrent. The recognition of belligerency

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was essentially an executive duty, and resolutions by Congress could not create such a condition.27

President Cleveland was influenced in his action by commercial interests in the United States. To recognize Cuba as a belligerent would have placed the United States in a more difficult position in maintaining neutrality. It would then be necessary for neutrality to be practiced toward both Spain and Cuba. Spain would no longer be held responsible for its international obligations in Cuba.28 The United States commercial marine would become subject to search and seizure by both Spain and Cuba. The large trade between the Isthmus of Panama and the South American countries would be subject to visit on the high seas. The carrying of contraband was now illegal, but belligerency would make American vessels subject to seizure and condemnation.29

As it was, Cuba had no ships, and her ports were controlled by Spain. She could not search American ships or blockade in any manner. It was probably to Cuba's interest that the United States did not recognize her as a belligerent, because she could not have accepted the duties placed upon her. Such action by the United States would have created closer checks on her shipping by Spain.

27Ibid.
29Richardson, op. cit., Vol. VII, p. 68.
The chief advantage in recognizing Cuba as a belligerent would have been of an indirect nature. It would have given moral support, since it would have meant that the United States government thought it would possibly succeed in its effort against Spain. It would have made it easier for it to buy supplies and borrow money. Such action would have made Cuba feel that the United States government was sympathetic with its cause.30

The close commercial ties which Cuba held with the United States, the fact that many Cubans went to America to receive an education, and the position of the United States as the only large producer of arms and implements of war in this hemisphere created difficulty in maintaining its proclamation of neutrality. The United States became the chief base of Cuban supply and intrigue.

The "Ten Years War" did not compare with the revolt of 1895. In their efforts of 1895, the Cubans were far better organized and had at their disposal great sums of money which they had not previously possessed. It was natural that they desired supplies from the United States. It was equally natural that the United States government would do its best to uphold its neutrality obligations.31 It became necessary for the government to spend several millions of


31Chadwick, op. cit., p. 411.
dollars to prevent illegal expeditions to Cuba. The coastal waters from New York to the Mexican border were patrolled. This stretch of coast covered a distance of five thousand, four hundred seventy miles. The Keys at the tip of Florida were particularly difficult to patrol. Located not far from Cuba, and at the same time close to the United States, they provided an excellent place for bases which could be moved as occasion demanded. Most of the Keys were sparsely settled, and from their coves and nooks activity to assist the revolting Cubans was centered.

It was difficult and expensive to operate an effective patrol against expeditions which wished to aid the Cubans. At the beginning of the revolt in Cuba, Spain had some grounds for dissatisfaction toward the United States in regard to its enforcement of its proclamation of neutrality. At first, the courts placed a narrow definition on the neutrality laws, but as the revolt continued, the United States Supreme Court, in several cases which came before it, broadened its interpretation until attempts to assist Cuba became more difficult.

On July 27, 1896, President Cleveland issued this proclamation:

Neutrality laws of the United States have been the subject of authoritative exposition by the

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Foraker, op. cit., p. 388.
tribunal of last resort, and it has thus been declared that any combination of persons organized in the United States for the purpose of proceeding to and making war upon a foreign country with which the United States are at peace, and provided with arms to be used for such purpose constitutes a 'military expedition or enterprise' within the meaning of said neutrality laws, and that the providing or preparing of the means for such 'military expedition or enterprise' which is expressly prohibited by said laws, includes furnishing or aiding in transportation for such 'military expedition or enterprise'.\textsuperscript{33}

As sympathy of the American people increased toward the Revolutionists, it became more and more difficult to enforce the neutrality laws of the United States. During the revolt, over seventy expeditions started from the United States to assist Cuba. Twenty-seven of these landed successfully on the island. The United States stopped thirty-three, and Spain stopped five.\textsuperscript{34} Despite the efforts made by the United States to control filibustering, Spain did not properly control Cuban waters. She possessed all of the large ports of Cuba; yet, she was negligent in preventing illegal traffic to the island. It was due chiefly to the efforts of the United States that more expeditions did not reach Cuba.\textsuperscript{35}

Even if illegal traffic between the United States and Cuba could have been completely eliminated, it would have

\textsuperscript{33}Chadwick, op. cit., p. 415.

\textsuperscript{34}Benton, op. cit., p. 42.

\textsuperscript{35}John Holladay Latane', America As a World Power, 1897-1907, p. 8.
meant its transfer to some other country. The traffic was economic in nature, and the English or French would have probably risked their laws for financial gain in assisting Cuba. The proximity of the United States to Cuba made the former particularly subject to a base for filibustering and supplies.36

At the beginning of the revolt, United States commerce with Cuba was valued at one hundred million dollars annually.37 The revolt had hardly begun before the commerce of the United States experienced difficulties.

The Alliance, a mail steamer which traveled between New York and Colon, was fired upon by the Spanish cruiser Venadito on March 8, 1895. The Alliance was traveling to New York through the Windward Passage when this incident occurred. As the American ship passed Cape Maysi, which is on the island of Cuba, the Venadito fired a blank shot. The Alliance continued on her voyage, though two additional shots were fired.38

The following is a portion of a telegram sent by Secretary of State Walter Gresham to Hannis Taylor, the American minister at Madrid, on March 14, 1895:

The Windward Passage, where this occurred, is the natural and usual highway for vessels plying

36 Chadwick, op. cit., p. 419.
37 Foraker, op. cit., p. 388.
38 Chadwick, op. cit., pp. 419-420.
between (northern) ports of the United States and the Caribbean Sea. Through it several lines of American mail and commercial steamers pass weekly within sight of Cape Hays. They are well known, and this voyage embraces no Cuban port of call. Forcible interference with them cannot be claimed as a belligerent act, whether they pass within three miles of the Cuban Coast or not and can under no circumstances be tolerated when no state of war exists. This government will expect prompt disavowal of the unauthorized act and due expression of regret on the part of Spain, and it must insist that immediate and positive orders be given to Spanish naval commanders not to interfere with legitimate American commerce passing through that channel.39

The United States pressed Spain for an explanation of the Alliance affair. Taylor, on March 16, 1895, interviewed the Spanish minister of state. The minister stated that it would be necessary for him to receive full information from Cuba before he could make any announcements. He said, however, that the incident would receive the proper attention, according to the principles of international law. Taylor was promised a more detailed reply as soon as the facts from Cuba had arrived.

On March 24, 1895, the Duke of Tetuan became minister of state in Spain. Almost a month passed, and Secretary of State Gresham requested a reply concerning the Alliance.

On April 18, Spain admitted that the Venadito fired upon the Alliance when the latter was outside the three-mile limit. On May 16, the act was disavowed in a note from the minister of state.

39Ibid., p. 420.
Spain had claimed from the beginning that the distance of the American ship from the shore of Cuba was less than three miles and that this placed the vessel in the territorial waters of Cuba. The United States accepted the note of May 16 "without conceding that the exact location of the *Alliance* at the time the shot was fired can be considered a controlling circumstance."\(^{40}\)

The Spanish claimed that the *Alliance* was a filibuster and was loaded with war supplies. The captain of the ship denied this and said that the vessel was taking munitions to Columbia.\(^{41}\)

The Spanish commander of the *Venadito* was relieved, and Spain apologized for the incident. The Spanish government realized that it could not search the vessels of the United States, either in or outside its territorial waters. It could, however, prevent their entry into ports not open for commerce.

The people of Spain, not aware of the treaty of 1795, which forbade search even during a time of recognized public war, and having little knowledge of international law, criticized their government for apologizing and claimed it had been intimidated by the power of the United States.\(^{42}\)

\(^{40}\)Ibid., p. 421.

\(^{41}\)Callahan, *op. cit.*, pp. 460-461.

\(^{42}\)Chadwick, *op. cit.*, p. 422.
The Alliance incident, along with the fact that it recalled to the people of the United States earlier actions of Spain against American commerce, created agitation among the people and Congress for the recognition of Cuban belligerency. President Cleveland refused to do so, realizing that such action would damage American commercial interests and make the task of enforcing neutrality laws more difficult and more expensive.

Secretary of State Olney did not wish to encourage the revolting Cubans. He feared that if Cuba gained her independence a war of races would occur. The black and white elements would oppose each other, and there would be constant turmoil until one side had completely subdued the other. Such a condition would be even more objectionable to American interests in Cuba than the control of Cuba by Spain. It would be impossible to establish a profitable business on the island. At any time it might be destroyed in a war between the races.\textsuperscript{43}

Edwin Atkins agreed with Olney concerning Cuba's ability to govern itself. Atkins became alarmed over the success the propaganda of the insurgents was having in the United States. He went to Washington to represent himself and other Americans who owned property in Cuba. He talked

\textsuperscript{43}Jenks, \textit{op. cit.}, p. 46.
with some of the more outstanding Senators and Representatives.

of his conversations he said:

All listened attentively and acknowledged the
danger of recognition of the insurgents as belliger-
ents. I called upon Lodge in the evening at his
house by invitation and went over the whole ground.
He discussed the matter quite carefully and asked
me this question: 'Mr. Atkins, do you think that if
the Cubans obtain their independence they could es-
tablish a stable government?' I answered without
hesitation that I did not believe the Cubans capable
of maintaining a stable government. Whereupon he
brought his hand down upon the table where we were
sitting and said: 'I am glad to hear you say that,
for it is exactly my opinion.' I naturally left
him feeling encouraged; but within a few days he
was supporting and advocating a bill for recog-
nition of belligerency of Cuba. 44

It was suggested that the United States recognize the
independence of the insurgents. It was hardly possible for
this to be done, because the insurgents did not even have
a government to represent them. Some Americans believed
that the United States should purchase Cuba from Spain, but
Spain had not encouraged such a solution to the Cuban prob-
lem. It felt that its honor depended upon quelling the re-
volt in its possession regardless of the costs. 45

Many Americans felt that only intervention, though it
brought war between the United States and Spain, could solve
the problem. President Cleveland had hopes that there might
be mediation through the United States' guaranteeing some
definite measure of home rule to Cuba. 46

44Millis, op. cit., p. 71. 45Callahan, op. cit., p. 456.
46Ibid.
On April 4, 1896, Secretary of State Richard Olney sent a note to Señor Don Enrique Dupuy de Lome, the Spanish minister. It contained a brief account of the course of the revolution in Cuba and the growing concern of the United States over the matter. He stated in this note that the people of the United States are

... interested in the non-interruption of extensive trade relations which have been and should continue to be, of great advantage to both countries. They are interested in the prevention of that wholesale destruction of property on the island which, making no discrimination between enemies and neutrals, is utterly destroying American investments that should be of immense value and is utterly impoverishing great numbers of American citizens.47

Olney pointed out that the economic destruction, along with the bitterness of the conflict, was causing many Americans to insist on intervention by the United States.48 The sympathy of American citizens for Cuba went beyond an insistence that it intervene. Numerous clubs were formed in the United States to assist the insurgents. The membership of these clubs was composed of Cuban residents who had fled the island or Cuban sympathizers who were citizens of the United States. The club members pledged a tenth of their salaries for the cause of the revolution.49 They raised money by gifts, donations, and the selling of bonds.50 It was claimed

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47 Chadwick, op. cit., p. 456.  
48 Ibid.  
49 Ibid., p. 407.  
that, even before the revolt began, a million dollars had been raised by these clubs.\textsuperscript{51}

The government of the United States was examining the Cuban revolt from the economic side, while the majority of the people of the United States were moved toward the humanitarian side of the conflict.

Part of President Cleveland's last annual message to Congress on December 7, 1896, said:

The spectacle of the utter ruin of an adjoining country, by nature one of the most fertile and charming on the globe, would engage the serious attention of the government and people of the United States in any circumstances. In point of fact, they have a concern with it which is by no means a wholly sentimental or philanthropic character. It lies so near to us as to be hardly separated from our territory. Our actual pecuniary interest in it is second only to that of the people and government of Spain. It is reasonably estimated that at least from $30,000,000 to $50,000,000 of American capital are invested in plantations and in railroad, mining, and other business enterprises on the island. The volume of trade between the United States and Cuba, which in 1889 amounted to about $64,000,000 rose in 1893 to about $103,000,000, and in 1894, the year before the present insurrection broke out, amounted to nearly $96,000,000. Besides this large pecuniary stake in the fortunes of Cuba, the United States finds itself inextricably involved in the present contest in other ways both vexatious and costly.

Many Cubans reside in this country, and indirectly promote the insurrection through the press, by public meetings, by the purchase and shipment of arms, by the raising of funds, and by other means, which the spirit of our institutions and the tenor of our laws do not permit to be made the subject of criminal prosecutions. Some of them, though Cubans at heart and in all their feelings and interests, have taken out papers as naturalized citizens of the United States, a proceeding resorted to with a view to possible protection by this

\textsuperscript{51} Chadwick, \textit{op. cit.}, p. 407.
government, and not unnaturally regarded with much indignation by the country of their origin. The insurgents are undoubtedly encouraged and supported by the widespread sympathy the people of this country always and instinctively feel for every struggle for better and freer government, and which, in the case of the more adventurous and restless elements of our population, leads in many instances to active and personal participation in the contest. The result is that this government is constantly called upon to protect American citizens, to claim damages for injuries to persons and property, now estimated at many millions of dollars, and to ask explanations and apologies for the acts of Spanish officials, whose zeal for the repression of rebellion sometimes blinds them to the immunities belonging to unoffending citizens of a friendly power. It follows from the same causes that the United States is compelled to actively police a long line of sea-coasts, against unlawful expeditions, the escape of which the utmost vigilance will not always suffice to prevent.

These inevitable entanglements of the United States with the rebellion in Cuba, the large American property interests affected, and considerations of philanthropy and humanity in general have led to a vehement demand in various quarters for some sort of positive intervention on the part of the United States. It was at first proposed that belligerent rights should be accorded to the insurgents—a proposition no longer urged because untimely and in practical operation clearly perilous and injurious to our own interests. It has since been contended that the independence of the insurgents should be recognized. But imperfect and restricted as the Spanish government of the island may be, no other exists there, unless the will of the military officer in temporary command of a particular district can be dignified as a species of government. It is now also suggested that the United States buy the island, a suggestion possibly worthy of consideration if there were any evidence of a desire or willingness on the part of Spain to entertain such a proposal. It is urged, finally, that, all other methods failing, the existing intermeceine strife in Cuba should be terminated by our intervention, even at the cost of a war between the United States and Spain—a war which its advocates confidently prophesy could be neither large in proportion nor doubtful in its issue.
... I have deemed it not amiss to remind the Congress that a time may arrive when a correct policy and care for our interests, as well as a regard for the interests of other nations and their citizens, joined by considerations of humanity and a desire to see a rich and fertile country, intimately related to us, saved from complete devastation, will constrain our government to such action as will subserve the interests thus involved and at the same time promise to Cuba and its inhabitants an opportunity to enjoy the blessings of peace.52

Much of our policy toward Cuba, preceding the Spanish American war, was shaped indirectly by Americans in Cuba. These Americans were in control of large economic interests on the island. Secretary of State Olney listened to the advice of Atkins and others.53

The attitudes of the American people were more clearly reflected through Congress than through the executive branch of the United States. In May of 1897, sympathy for the Cubans influenced Congress to appropriate $50,000 for relief supplies for the reconcentrados. These were Cubans, and Americans in some cases, who had been forced to leave the rural sections of Cuba. They were herded by the Spanish into towns and cities where food and sanitary conditions had become intolerable. Spain allowed the distribution of these supplies to all reconcentrados.54

The money raised to supply the reconcentrados made both Spain and the insurgents angry. It cast a reflection upon

52 Ibid., pp. 477-479, 483.
54 U. S. War Dept., op. cit., pp. 39-40
Spain for her methods of conducting the war, and starvation was the key weapon of the insurgents.\footnote{Carleton Beals, \textit{The Crime of Cuba}, p. 127.}

In January of 1897, around nine million dollars in claims for property damage were filed against Spain.\footnote{Horace Edgar Bluck, \textit{Spanish American Diplomatic Relations Preceding the War of 1898}, p. 55.} By the end of 1897, property claims against Spain had reached sixteen million dollars.\footnote{Latane, \textit{op. cit.}, p. 7.} By 1898, it was estimated that the wealth of the island had decreased two-thirds as a result of the fighting and the scorched earth policy of Gomez.\footnote{U. S. War Dept., \textit{op. cit.}, p. 41.}

President William McKinley, in a special message to Congress on April 11, 1898, said:

\begin{quote}
Since the present revolution began, in February, 1895, this country has seen the fertile domain at our threshold ravaged by fire and sword. . . . Our people have beheld a once prosperous community reduced to comparative want, its lucrative commerce virtually paralyzed, its exceptional productiveness diminished, its fields laid waste, its mills in ruins, and its people perishing by tens of thousands from hunger and destitution.\footnote{Moore, \textit{op. cit.}, Vol. VI, p. 211.}

Our trade has suffered; the capital invested by our citizens in Cuba has been largely lost.\footnote{\textit{Ibid.}, p. 212.}
\end{quote}

Spain, in handling claims, accorded American interests equal treatment with Spanish interests. It could certainly
not be maintained that United States interests should be given more favorable consideration than those of Spanish citizens.

The economic losses of the people of the United States were not a cause for intervention in the revolt of 1895. At no time in Cleveland's or McKinley's administration was the destruction of American property in Cuba considered a just cause for intervention by the United States government. There were, of course, individuals or groups who believed this to be a just cause.61

If the United States had really been determined to wage war to protect its interests in Cuba, such a war would have been fought in 1896. This was the year in which the greatest amount of damage was being wrought. By 1898 most American interests had been totally destroyed or severely damaged.62

The destruction that American commerce experienced as a result of the revolt in Cuba could not, according to the common practice of nations, be grounds for intervention. The trade and commerce of some countries always suffers as a result of war, and unless a country which is a party to the conflict should go beyond her justified rights as a

61 Flack, op. cit., pp. 55-56.

62 Jenks, op. cit., p. 45.
nation during times of war, it should not be grounds for intervention.63

The existence of the United States was not endangered by the revolt in Cuba. Two parties at war have every right to use all methods, which are legitimate and recognized by other countries, to subdue the other. They can destroy their own industry or that of their opponent. They can, by proper methods, block supplies from other countries in order to keep them from reaching their opponents. That a damage to trade and commerce of other nations might result is natural, but not a cause for war.64

Spain used no improper measures to prevent supplies of the United States from reaching Cuba. At no time did the United States accuse Spain of illegally injuring American commerce.65

The fact that the revolt might continue for many years was not grounds for intervention. Though American interests suffered a continued loss, the United States had no right to say how long or short the revolt should be, unless its very existence were threatened.

That American property and commerce suffered as a result of the Cuban insurrection of 1895, there is no doubt.

63Plack, op. cit., pp. 49-50.
64Ibid., pp. 50-52.
65Ibid., p. 52.
The government of the United States realized that this fact, in itself, did not, under international law, provide for intervention. It was not until the United States decided to declare war against Spain that it used its economic losses as a basis for intervention. This claim was possibly made at this time because there seemed so little other grounds for American interference in the Cuban revolt.66

66Ibid., p. 55.
CHAPTER IV

AGITATION FOR AND AGAINST WAR

In 1896, Secretary of State Olney addressed a note to Spain offering the friendly offices of the United States for purposes of mediation between Spain and Cuba. Olney suggested that Spain offer to Cuba certain measures of home rule.

The Spanish reply to the Olney note refused to accept the assistance of the United States in settling the Cuban dispute. It expressed the appreciation of Spain for the attitude of the United States toward the strife in Cuba and stated that circumstances did not yet make it possible for Spain to follow the advice given.

Olney assured Spain that the United States had no desire for Cuba, but it was difficult for Spain to realize this fact. Spain was suspicious of the motives of the United States, for it could look backward to the beginning of the nineteenth century. The United States had desired the island of Cuba before, and this desire had reached its strongest point in the Ostend Manifesto. Until the outbreak of the Civil War, the eyes of the United States had been on Cuba. Spain could not tell that this attitude had changed.

The Olney note marked a definite point in relations between Spain and the United States. That the United States
could remain out of the conflict if it should continue much longer was doubtful. It was not a matter of which side it would support. There was little doubt, as evidenced by the American people, that in case of intervention the United States would assist Cuba.\textsuperscript{1}

Spain promised reforms in Cuba when the revolt was ended. It refused, however, to formulate or promise any specific measures. Not until the insurgents laid down their arms would Spain be willing to draw up a plan of reform.\textsuperscript{2} In an article in the April, 1898, issue of The American Monthly Review of Reviews, John H. Latané is reported to have said:

\ldots The Spanish government is lavish of promises but slow of fulfillment. If the Government of the United States should ever consider it its high mission to intervene in the affairs of Cuba, whether in the cause of civilization or of humanity or of American interests, it must be armed intervention, and when once decided upon it must be carried to fulfillment, without regard to Spanish promises of reform.\textsuperscript{3}

The people of the United States were influenced greatly by the press. The "yellow journals," as they were called, saw an opportunity for greatly-increased circulation and profits from a war. Readers of newspapers thrive on excitement, and the news of a war does not have to be too authentic. A war would keep millions of Americans buying whatever papers were available. Then, too, it was easy to favor a war against

\begin{flushright}
\textsuperscript{1}Chadwick, \textit{op. cit.}, pp. 465-466.

\textsuperscript{2}Callahan, \textit{op. cit.}, p. 466.

\textsuperscript{3}"Intervention in Cuba," \textit{The American Monthly Review of Reviews}, XVII (April, 1898), 450.
\end{flushright}
Spain on the grounds that it was a war for humanity, and all people favored the cause of humanity. 4

The evidence used by some American newspapers to arouse sympathy for Cuba and anger against Spain was sometimes one-sided. In some cases it was completely dishonest. 5 The policy of the "yellow journals" achieved the desired results of newspaper interests. It was almost impossible to print enough newspapers and extras to satisfy the demand of the public. 6

William Randolph Hearst, owner of the New York American the Evening Journal, San Francisco Examiner, and other newspapers, 7 "... boasted he spent a million dollars to bring about the Spanish-American war." 8

In 1896, Senator Henry Cabot Lodge had only recently returned from a visit to England. He was captivated by the expansion of European interests all over the world. In Africa and Asia, European powers were stretching out to build new financial empires. Lodge wanted the United States to reach out beyond its borders and expand in a territorial and

5Paxson, op. cit., p. 261.
7The Encyclopedia Americana, Vol. XIV, p. 36.
8Jenks, op. cit., p. 51.
economic way. He wanted England to give up Canada and the United States to extend its flag to the Arctic Ocean. He saw Hawaii, Samoa, and Cuba belonging to the United States. Lodge cloaked his expansion desires in the veil of humanity. He said it was the duty of the United States to civilize and assist others.\(^9\)

He did not forget, however, the economic value that such a policy might have for the United States. He said concerning Cuba:

> Our immediate pecuniary interests in the island are very great. They are being destroyed. Free Cuba would mean a great market for the United States; it would mean an opportunity for American capital invited there by signal exemptions; it would mean an opportunity for the development of that splendid island. . . . But we have also a broader political interest in the fate of Cuba. . . . She lies right athwart the line which leads to the Nicaraguan Canal.\(^{10}\)

There were some in the United States who hoped for war and the financial benefits which might result. On March 24, 1899, Senator John M. Thurston said: "War with Spain would increase the business and earnings of every American railroad; it would increase the output of every American factory; it would stimulate every branch of industry and domestic commerce."\(^{11}\) On this same day, Senator Thurston said that the


\(^{10}\)Millis, *op. cit.*, pp. 46-47.

financiers of Wall Street were the only people who now opposed a "just war to free Cuba."

The people of the United States were clamoring for intervention in Cuba. Since the destruction of the American battleship, Maine, by an explosion in Havana harbor on February 15, 1898, agitation for war had increased. The American people were unaware of the powerful business interests behind the government which were preventing the United States from intervening in the Cuban revolt.

President Cleveland had been largely controlled by American business interests. Mark Hanna was chiefly responsible for the election of William McKinley as president. Hanna might reasonably be called the representative of business, and business, in general, was opposed to war. It had been only in recent years that the United States had arrived at the position where, as a nation, it had enough capital to develop its great resources. It appeared to Hanna and to other business men that this was an odd time to expand and assume control over backward sections of the world which would need financial assistance.

American business in general feared a reversal in the economic trend in the United States. Since the depression

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12Ibid., p.
13Beals, op. cit., p. 126.
14Josephson, op. cit., pp. 80-81.
of 1893, business in America had not been good. The Venezuela war scare, in 1895, checked what appeared to be a revival in business. The danger of free silver, in 1896, again checked a revival. In 1897, it appeared as though a true revival of business had begun, and the country was entering a period of prosperity.\(^{15}\) In July of 1897, the *Commercial and Financial Chronicle* said: "We appear to be on the eve of a revival in business."\(^{16}\) In December of the same year it stated: "No one can study the industrial conditions of today in America without a feeling of elation."\(^{17}\)

The business interests of America were afraid that a war might destroy the prosperous conditions which had just set in after five years of panic and depression.\(^{18}\) The *New Jersey Trade Review* said: "War would impede the march of prosperity and put the country back many years."\(^{19}\) The *Commercial and Financial Chronicle* believed that the stability of United States currency would be affected, that trade would be destroyed, and that the coasts and commerce of this nation would be threatened by war.\(^{20}\) *Bankers Magazine* held that war would "incalculably increase the loss to business interests."\(^{21}\) The *United States Investor* was of the opinion


\(^{16}\)Ibid.

\(^{17}\)Ibid., pp. 237-238.

\(^{18}\)Ibid., p. 239.

\(^{19}\)Ibid., p. 240.

\(^{20}\)Ibid.

\(^{21}\)Ibid.
that war was "never beneficial from a material standpoint, that is, in the long run." The Railroad Gazette believed a war would bring about an "interruption of business enterprise of every kind, stopping new projects and diminution of the output of existing businesses and contraction of trade everywhere." The arms manufacturers were not at all sure that war would be profitable. The iron and steel interests were agreed that war would injure their business. In the publication, Iron and Steel, of April 9, 1898, they said war "would injure the iron and steel makers ten times as much as they would be benefitted by the prevailing spurt in the manufacture of small arms, projectiles and steel plates for war ships." The Northwestern Miller of Minneapolis and the American Wool and Cotton Reporter of New York believed that war would injure the milling and cotton industries. Trade journals of the South and Northwest generally agreed with those of the Northeast that a war would not, in the end, be profitable to them.

Conservative business interests were afraid that war would upset the stability of the currency and bring new demands for free silver. The New York Journal of Commerce pointed out that

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22 Ibid.
23 Ibid.
24 Ibid., p. 241.
26 Ibid.
the jingoes were, in general, in favor of free silver. This publication and the Commercial Bulletin wrote that Senator Richard Pettigrew of South Dakota said: "... I want a war with Spain because I believe it will put us on a silver basis."27 The Rand McNally Bankers Monthly of Chicago, the United States Investor of Boston, and the American Banker of New York also believed that free silver advocates were trying to create a war.28

The Financial Record of New York was one of the few business publications in the East which favored war. It said it did not believe war would injure business but "would vastly increase the net earning power of every security sold on our market today."29 This publication had favored free silver, which was possibly the reason it favored war.

On April 11, 1898, the following telegram was read to the Senate:

Philadelphia, April 5, 1898
Hon. M. S. Quay, Washington:
The Trades League of Philadelphia in special session today passed the following resolution unanimously:
"Whereas the Trades League of Philadelphia, an organization of nearly 2,000 business firms, appreciating the wise, conservative and dignified policy of the President of the United States in his treatment of the very grave and momentous differences now existing between the Kingdom of Spain and the United States of America, and recognizing the fact that this policy, if persisted in by the President

27 Ibid.
28 Ibid.
29 Ibid., p. 243.
and aided by Congressional support, will in the end tend to maintain peace upon an honorable basis between the two nations and result in an equitable adjustment of the Cuban troubles:

Therefore,

"Be it resolved, That the board of managers of the Trades League of Philadelphia commends the action of Congress in supporting the President in his endeavor to prevent war pending an adjustment by peaceful methods.

'Resolved, That we appeal to our representatives in Congress to continue to cooperate with the President and to accord him a full opportunity to exhaust all peaceful negotiations. Then, in the event of a failure of these measures, if war should follow, our country will have exhausted every reasonable means to maintain peace with honor."

Will you or Senator Penrose please read in the Senate?

W. W. Foulkroth, President

In the West, and particularly in the Mississippi Valley, there seemed to be less opposition to war on the part of business than along the Atlantic coast. Business in this section of the United States did not feel that the results of a war would be so damaging.

Early in 1897, the Kansas Board of Trade sent a request to the Philadelphia Board of Trade that they urge recognition of the independence of Cuba. Philadelphia refused to take such action, though the Kansas City Board favored it.

The Chamber of Commerce of Cincinnati, on March 29, 1898, asked for a "firm and vigorous policy which will have


31^Pratt, op. cit., p. 243.  32^bid.
for its purpose—peacefully if we can, but with force if we must—the redress of past wrongs and the complete and unqualified independence of Cuba."33

The Chicago Economist claimed that business would not suffer badly because of war and that the gold standard would not be injured. The freedom of Cuba, even by war, would be something the United States could be proud of and would bring "results of the highest value to mankind."34

The Age of Steel of St. Louis said it did not want war if peace could be secured and at the same time national honor not be destroyed. It went on to say, however, that it felt that foreign trade might suffer, but business in the United States would be better because of war.35

The Chattanooga Tradesman said on March 1, 1898, that the possibility of war had caused certain parts of the iron trade to increase business. They further reported that railroads were rushing the shipment of various goods, expecting to receive war prices for them.36 The Mining and Scientific Press of San Francisco stated that "to nearly everything related to the mining industry the war will be a stimulus."37

Some business concerns and individuals with a direct interest in Cuba were in favor of intervention. In May, 1897,

33Ibid., p. 244.  
34Ibid.  
35Ibid.  
36Ibid., pp. 244-245.  
37Ibid., p. 245.
a memorial was presented to Secretary of State John Sherman, containing over three hundred signatures of United States citizens. These citizens were merchants, bankers, shippers, and agents of a number of large harbor cities of the United States. They brought out the great losses they had suffered and said they hoped that the United States would take steps to end the conflict between Spain and Cuba.38

On February 9, 1898, another memorial containing many of the same signatures was presented to President McKinley. This memorial pointed out that the loss, on an average, for each of the three years of the revolt had been $100,000,000 to those engaged in export and import trade between the United States and Cuba. Besides this figure, there was the enormous loss in property damage which had occurred to American interests in Cuba.39

Some business groups dealing in sugar and tobacco would have welcomed war. Individuals who had purchased Cuban bonds hoped that a war would occur to insure the value of their bonds. The influence of these groups was not large.40 The sugar interests were split on intervention in Cuba. Atkins once said that Secretary of State Olney was "always willing to listen to what I had to say upon the Cuban situation."41

38Ibid., p. 248.  
39Ibid., p. 249.  
40Josephson, op. cit., pp. 80-81.  
41Jenks, op. cit., p. 44.
John D. Long, Charles Francis Adams, and Mark Hanna also listened to Atkins and helped persuade the McKinley administration not to recognize the insurgents. Atkins feared the insurgents more than he did the Spanish. They were the ones who were destroying his sugar.

Corporate interests and bankers who held interest in Cuban properties were opposed to intervention. They feared that Cuba might receive her independence, and their interests would be destroyed.

Beet sugar interests in the United States were opposed to war. When the insurrection occurred in Cuba, there was a demand that this country produce its own sugar by raising beets. This demand stemmed from the beet growers who wanted Congress to pass legislation favoring domestic production of sugar from beets. Growers of sugar beets were afraid that intervention in Cuba might result in annexation of the island or in an economic union which would completely destroy the sugar beet industry of the United States.

European sugar beet interests opposed United States intervention in Cuban affairs. There had been a great expansion of

42bid.
the beet industry in Europe in recent years. It was readily realized that Cuba, though independent or a part of the United States, would affect the economy of the world in the field of sugar. The reopening of Cuban sugar resources would create a danger to the beet industry and, at the same time, create great competition between cane producing regions. Under Spain, Cuba's sugar industry had been stifled; the revolution had destroyed it. Europe knew what a free Cuba or a Cuba removed from the domination of Spain and annexed to the United States would do to her production of sugar from beets. 46

American mining interests in Cuba continued in operation during the revolt and opposed intervention. The representative of one company wrote to the assistant Secretary of State: "We are fully advised as to our status in case of war and that this property might be subjected to confiscation or destruction by the Spanish Government." 47 The president of another mining company wrote: "War between Spain and the United States will very likely mean the destruction of our valuable plant and in any event untold loss to our company and its American stockholders." 48

In 1859, the Catholic church had purchased several hundred million dollars worth of interest-bearing Spanish bonds.

46 Kingsley, op. cit., pp. 177-179.
47 Pratt, op. cit., p. 251.
48 Ibid.
The Pope was interested in maintaining peace, not only from a religious angle, but also from a financial one. He knew that if the United States went to war with Spain, it would almost bankrupt Spain. Under such circumstances, it would be doubtful whether the bonds held by the Catholic church could be protected.

The banking firms of Paris, Berlin, Frankfort, London, Vienna, and other large financial and commercial cities of Europe feared the destruction of Spanish credit which might result in a war between the United States and Spain.49 There were rumors that Germany had aspirations for expansion in the western world, and it feared war might upset these plans.50 The Kaiser was definitely on the side of Spain in 1897. He suggested that the European powers, in concerted action, side with Spain in case of war.51

The pressure exerted by domestic business interests and the knowledge that every large country on the continent of Europe was against intervention in Cuba by the United States influenced the actions of this government. It was not until after the destruction of the Maine that pressure from the American people had any appreciable effect upon the executive branch of the United States government. Its policies during

50 Olmstead, op. cit., p. 178.
51 Orestes Ferrara, The Last Spanish War, pp. 85-86.
the Cuban revolt had been largely determined by American business interests. To the very end most important businesses opposed war, with the exception of some concerns dealing with sugar. Business had pointed to the stock market— to the way it rose whenever there were rumors of peace, and to the way it fell whenever there were rumors of war. Senator Lodge said it was not so much that war caused the values of stock to fall, but that unsettled conditions in Cuba caused them to fall. Rumors of peace merely meant that Cuba might soon become productive again, which caused stocks to rise.

The thinking of the American people, moulded and swayed by the "yellow journals" and by public figures such as Senator Lodge and Theodore Roosevelt, could no longer be ignored. About the middle of March, 1898, some small businesses began to feel that a war might not injure business very much and might in some cases even be profitable.

Business men of New York began to feel that a war would not damage the economy of the United States too greatly. Shortly after the Maine was sunk, the Wall Street Journal said that stock market operators "did not look for any great break in the market, because actual war with Spain would be

52 Pratt, op. cit., p. 252.
54 Pratt, op. cit., pp. 246-247.
a very small affair compared with the Venezuela complication with Great Britain."55 A temporary drop in the market might even be followed by a boom, stated the Wall Street Journal.

Dun's Review said on March 5, 1898: "The nation looks for peace, but knows that its sources of prosperity are quite beyond the reach of any attack that is possible."56 Dun's Review, on March 12, and the Dry Goods Economist, on April 9, declared that business did not seem to be suffering as a result of war scares and that there even seemed to be an increasing demand for goods.57

Senator Redfield Proctor of Vermont described to the Senate, on March 17, conditions existing in Cuba as he had personally seen them. He described the great suffering of the Cuban people and the reconcentrados. The Wall Street Journal claimed that Proctor's speech

... converted a great many people in Wall Street, who have heretofore taken the ground that the United States had no business to interfere in a revolution on Spanish soil. These men had been among the most prominent in deploring the whole Cuban matter, but there was no question about the accuracy of Senator Proctor's statements and as many of them expressed it, they made the blood boil.58

The American Banker had always been opposed to intervention, but on March 23, it reported that Proctor's speech showed conditions in Cuba which had reached the point where

55 Ibid., p. 245.  
56 Ibid.  
57 Ibid., p. 246.  
58 Ibid.
it was difficult to see "how any one with a grain of human sympathy within him can dispute the propriety of a policy of intervention, so only that this outraged people might be set free!"59

Even this growing demand by business for intervention was not generally in favor of war. At the end of March, 1898, the Wall Street Journal wrote, in regard to rumors that Spain was ready to sell Cuba to the United States:

There is much satisfaction expressed in Wall Street at the prospects of having Cuba free, because it is believed that this will take one of the most disturbing factors out of the situation. . . . Even if $200,000,000 is the indemnity demanded, it is a sum which the United States could well afford to pay to get rid of the trouble.60

The people of the United States, on the whole, thought little about an economic basis for war. The cry of "remember the Maine" swept across the United States.

For a hundred years, this nation had looked across a narrow stretch of water to the island of Cuba. It had been linked to the United States in trade and commerce. Such a relationship had placed it upon the minds of all Americans. It was not this trade or commerce that Americans were thinking about in the spring of 1898. They were swayed, chiefly, by the cause of humanity. Americans would not submit to a joint investigation of the sinking of the Maine. The United States investigated, and the report said that it was blown

59Ibid., p. 247. 60Ibid.
up by an external explosion; the Spanish report said the op-
posite. Americans did not listen to the pleadings of Spain
which reached the point of humility on the part of that
country.

Spain had submitted to all the demands the United States
had made, except that of independence for Cuba, but the ris-
ing tide of jingoism could not be stemmed. Had it not been
for the "yellow press" and jingoese, such as Theodore Roosevelt,
and if McKinley had had free reign to act as he desired, it
is possible that Cuba would have become independent without
the firing of one shot or the loss of one drop of American
blood. If there were ever, in the history of the world, a
war brought on by the demand of the people, such was the
war of 1898 between Spain and the United States.61

61Beals, op. cit., pp. 138-140.
CHAPTER V

WAR AND A CHANGE IN NATIONAL POLICY

President McKinley found himself in a rising tide of nationalism. He represented the conservative business group who had no desire to see Cuba independent. They would not have been too opposed to annexation, but the United States government had said that it would not annex the island. Under these circumstances, the greater part of business preferred that Cuba remain in the hands of Spain.¹

A secret caucus, made up of between forty and fifty Republicans, sent a committee to President McKinley to tell him they would introduce into Congress a resolution for war and that they would vote with the Democrats for war. Mark Hanna was aware of the great pressure upon the President.²

That this pressure was chiefly from the people of the United States, there can be little doubt. Until almost the very declaration of war, business interests opposed it. Such a conclusion is derived from not just one or two published articles, but from an extensive number of trade and financial periodicals, boards of trade, chambers of commerce

¹Beals, op. cit., pp. 133-134.
²Josephson, op. cit., pp. 82-83.
proceedings, and petitions and letters on file in the State Department.3

During the last days of March, 1898, John Jacob Astor, William Rockefeller, Thomas Fortune Ryan, and Stuyvesant Fish, all important financial men, publicly favored war with Spain. With even a portion of business favoring war, McKinley found the pressure too great to resist.4

The position in which McKinley found himself would have been a problem to any man. Shortly before the President was to give his special address to Congress which led to war, Theodore Roosevelt remarked: "That white livered cur up there... has prepared two messages, one for war and one for peace, and doesn't know which one to send in!"5 Not until the end, when McKinley and the forces behind him felt that war would serve the Republican interest, did he commit the United States to such a course.

In his message to Congress calling for intervention in Cuba, McKinley said:

We owe it to our citizens in Cuba to afford them that protection and indemnity for life and property which no government there can or will afford.... The right to intervene may be justified by the very serious injury to the commerce, trade and business of our people and by the wanton destruction of the

3Pratt, op. cit., p. 237.
4Josephson, op. cit., pp. 82-83.
5Beals, op. cit., p. 135.
island... The present condition... entails upon this Government an enormous expense.6

In this same message, the President said: "In the name of humanity, in the name of civilization, in behalf of endangered American interests which give us the right and the duty to speak and to act, the war in Cuba must stop."7

On April 19, 1898, the Congress of the United States passed a resolution condemning the conditions in Cuba and the sinking of the Maine. The resolution stated that Cuba should be independent, that Spain, at once, give up all sovereignty and control over the island, that the President should be empowered to use the military forces of the United States to put into effect these resolutions, and that the United States had no desire to exercise sovereignty over Cuba.8

On April 20, McKinley signed the joint resolution of Congress and sent an ultimatum to Spain. Spain, on receipt of the joint declaration of Congress, held that this was, in reality, a declaration of war. The United States, in all practical ways, assumed the same opinion, for on April 22, it took belligerent action against Spanish shipping. On April 25,


7Richardson, op. cit., Vol. X, p. 150.

McKinley asked Congress for a formal declaration of war, which it passed on that same day.9

Spain claimed that the United States wished to obtain Cuba in preparation for the building of the Panama Canal. When the Canal was completed, it would control all traffic through it for its own economic advantage. Spain said that this was the beginning of a plan by the United States to absorb all of Latin America.10

Europe believed the war was just a means of expanding the United States. At the same time, the American government was negotiating with Denmark to obtain the Virgin Islands. There was increased interest in the United States in the acquisition of Hawaii. Expansion for commercial reasons appeared to most European nations to be the main cause behind the Spanish-American War.11

Germany watched with interest the results of the war. It had always desired possessions in the Far East. It hoped that, somehow, it might now gain some territory in the Pacific. Germany thought that, perhaps, the possessions of Spain might be split among the great powers of Europe. It suggested to France and Russia that there be a common control of the Philippines, but they did not seem interested. Germany told

9Ibid., pp. 109-110.
11Jenks, op. cit., pp. 48-49.
the United States that it would like to acquire some coaling stations in the Pacific, particularly in the Philippines.

England watched Germany. It did not want Germany to receive any territory, and it encouraged the United States to acquire the Philippines. From almost the moment that war was declared, a new attitude became dominant in America. The idea of expansion beyond the American continent seemed to erupt almost overnight. Before 1898, there were those who desired to see the United States expand beyond North America, but it was not until the war with Spain that this viewpoint gained any degree of popularity. The popularity it then assumed was, to a large extent, promoted by business interests.

Business had realized by 1898 that new export markets must be found. By that time, many American factories were producing many times more goods than the American people could use. Before the declaration of war, business seemed unaware of increased export markets through such a conflict. Business publications were, in general, silent upon the topic of gaining colonies through a war with Spain. Some publications even believed that possessions were not worth the trade they might bring. They pointed out that foreign possessions mean the support of a large navy and army which would, in turn, destroy whatever profits might be received from the colonies. Others believed that export markets would come naturally with

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free trade, and they emphasized that some of the best markets of the United States were the possessions of Great Britain and other countries. Many business interests felt that tariffs were damaging world trade, and that the removal of tariffs in favor of free trade would profit the United States.13

The declaration of war against Spain caused a sudden change in the attitude of business toward foreign possessions. H. H. Powers, in an article in the Annals of the American Academy of Political and Social Science, in September, 1898, pointed out this sudden change when he said: "Starving reconcentrados and struggling Cubans are crowded quite into the background of our imagination to make room for our own larger prospects and new ambitions."14

After President McKinley's message, which led to war, was presented to Congress, that body adopted a resolution saying that the United States did not wish to acquire Cuba, but only to see that it received its independence. The spirit of this resolution seemed to imply that America was not interested in acquiring any foreign territory which would include the Philippines, Ladrones, and Puerto Rico.

The statement of Mayo H. Hazeltine, in an article in the North American Review of September, 1898, was typical of the

13Pratt, op. cit., pp. 252-260.

thinking which now became dominant, particularly in American business circles. He said that such an interpretation of the resolution might be logical but that it was absurd to think that because the United States entered the war for humanitarian reasons, it could not exact some compensation for the cost of the war. The philosophy of America now seemed to be that since it was in the war, it might as well help itself in an economic way as much as possible.

Americans were quick to demand profits. The coal transport companies raised their prices so high that the United States had to purchase colliers from England. The price of mules almost doubled in one day.

Senator Albert Beveridge, Republican from Indiana, saw great profits from a policy of expansion. He spoke of the United States expanding and controlling the seas, the trade, and the commerce of the world. Along with Lodge and Beveridge, Theodore Roosevelt was calling for expansion.

This sudden desire for expansion on the part of those not directly connected with business could possibly have been due to two underlying economic causes. First, the frontier had almost disappeared. Free land could no longer be had by

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16Beals, op. cit., pp. 141-142.

17Josephson, op. cit., pp. 74-75.
moving westward. Expansion on the continent had come to an end. Many people believed that the United States must continue to expand, that it was the destiny of this nation.

The second cause could have been the gold rushes to South Africa, western Australia, and the Klondike. These great discoveries imbued within the common man the desire for adventure in remote places and in strange parts of the world. With the exhaustion of the frontier, this desire sought satisfaction. The new type of journalism which swept the country in the 1890's might have been an indication of such a longing. Literature which was lurid, filled with terror and pity not only of the Cuban revolt, but of other incidents, swept the country. Such literature satisfied, to some extent, the feeling of adventure and excitement within the minds of many people in the United States.18

After the battle of Manila harbor, the larger part of business saw opportunities for increased trade. They entered the war unwillingly, but before the Treaty of Peace was signed, they were demanding the retention of all the territory possible. In some cases, they were advocating further imperialism by purchasing the Bahamas, Hawaii, and Samoa.19

Trade with China led business interests to insist that the United States retain the Philippine Islands. Between

19Pratt, op. cit., pp. 276-278.
1899 and 1898, the United States exported $62,289,980 worth of goods to China. Mineral oil and cotton cloth made up eighty-seven per cent of this amount. Between 1890 and 1898, exports to China had tripled, and the United States was sending more goods to China than to the entire continent of Europe, excluding Russia.\(^{20}\)

In 1897, events in China had reached a point which threatened the trade of the United States. Russia occupied the harbor of Port Arthur with five war ships. China agreed to lease Port Arthur to Russia for twenty years.\(^{21}\) There was danger that the treaty port of Newchwang might become a part of the Russian empire, and goods entering this port would be subject to the Russian tariff. Half of the cotton import textiles entering this harbor came from the United States. Eighty per cent of the cotton drills and ninety per cent of the sheeting which America exported to China passed through the northern treaty ports of Tientsin, Chefoo, and Newchwang. At any time these ports might pass into Russian authority.\(^{22}\)

In the fall of 1897, Germany, after two of its missionaries were murdered in Shantung, demanded a ninety-nine year lease on Kiaochau. It also demanded that China give it a

\(^{20}\)Nearing and Freeman, op. cit., p. 254.

\(^{21}\)Lataneé, op. cit., pp. 100-102.

\(^{22}\)Nearing and Freeman, op. cit., p. 254.
controlling interest over most of the Shantung peninsula. England made China give it a lease on Wei-hei-wei for as long as Russia had a lease on Port Arthur. France moved into southwestern China and took over Kwangchau Bay.23

The American Banker declared that European aggressions in China would cause the United States commercial treaties with that country to "fall to the ground, and spheres of influence hostile to American commerce spring into existence."24 The New York Journal of Commerce had always opposed imperialism and had been almost pacifist in nature. It now saw in the Chinese situation great danger. The Journal said that China, with its population of four hundred million, could absorb the increased production of American factories. Its policy shifted completely in only a few weeks. It now urged the United States government to acquire Hawaii and build a canal across Central America, the same actions it had previously opposed.

The Journal of Commerce found the government seemingly disinterested in the Far Eastern situation. As a result, it suggested the organization of a committee on American interests in China. This organization worked through the chambers of commerce of the larger American cities, urging action by the government to prevent a possible loss of trade

23 Latané, op. cit., pp. 100-103.
24 Pratt, op. cit., p. 262.
with China.\textsuperscript{25} The \textit{Journal of Commerce} emphasized "the necessity of being ready to defend by force of arms, if need be, the right to share on equal terms with all other nations the opportunities of trade which the vast and undeveloped Chinese market affords."\textsuperscript{26}

The chamber of commerce of the state of New York, the chambers of commerce or boards of trade of Philadelphia, San Francisco, Baltimore, Boston, and Seattle sent memorials to the president, urging that action be taken "for the prompt and energetic defense of the existing treaty rights of our citizens in China, and for the preservation and protection of their important commercial interests in that Empire."\textsuperscript{27}

A permanent organization to protect United States trade and interests in China was formed. It was called the American, China, and Japan Association. It was not until after the battle of Manila had been fought that this organization was well formed. It then changed its name to the American Asiatic Association and included the Philippines and other places in the Far East as regions where American interests should be protected.\textsuperscript{28}

It was then that the outlook of business really changed. Business men began to approve the acquisition of foreign

\textsuperscript{25}\textit{Ibid.}, pp. 263-264.

\textsuperscript{26}\textit{Albert K. Weinberg}, \textit{Manifest Destiny}, p. 274.

\textsuperscript{27}\textit{Ibid.}, p. 264.

\textsuperscript{28}\textit{Ibid.}, pp. 265-267.
territory. They realized that the people or Congress of the United States would never allow this nation to take action in China, such as that taken by Russia, Germany, England, and France. They saw an opportunity to achieve almost the same thing by retaining the Philippine Islands. The islands could serve as a base for business and commercial interests engaged in trade in the Orient. 29

The *Journal of Commerce* said that the Philippines would be a "factor in the protection of our interests in that part of the world." 30 From the *Wall Street Journal*, the *American Banker*, the *Banker and Tradesman*, *Age of Steel*, *Iron Age*, *United States Investor*, *Financial Record*, *Bradstreet*, *Mining and Scientific Press*, *Commercial Bulletin of Southern California*, and the *Daily Commercial News and Shipping List* of San Francisco came the opinion that the United States should retain the Philippines. Some publications believed a coaling station and Manila Harbor would be sufficient; others urged the retention of all the islands. The Chamber of Commerce of San Francisco, that of Seattle, and the Merchant's Association and Manufacturers and Producers Association of San Francisco asked the President to keep not only the Philippines, but also to take the Caroline and Ladrone Islands and any other lands that might be conquered in the war with Spain. 31

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29 Latane', *op. cit.*, pp. 102-103.


There were Americans who held that territorial expansion was a necessity and that the United States could not equally compete with European powers in China, unless it possessed territory near that country. 32 The United States was not so concerned with the partition of China by European powers. It was afraid of the commercial arrangements which might be prejudicial against its trade. 33

The European powers and Japan were watching the United States in its debate over the retention of foreign territory. They realized, though the American people did not, that the Philippines had great commercial and strategic value. They were much more interested in the disposition of the Philippines than they were in that of Cuba. 34

The desire of the United States for the Philippines was purely commercial. The Secretary of the American Asiatic Association reflected the business attitude when, in 1899, he said: "Had we had no interests in China, the possession of the Philippines would be meaningless. . . ." 35

Some business men in America were interested in the islands as a possible source of raw materials, but it was

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32 Weinberg, op. cit., p. 274.


35 Nearing and Freeman, op. cit., p. 254.
interest in Chinese trade which was chiefly responsible for the retention of them by the United States.\textsuperscript{36} Those favoring the acquisition of the Philippines by the United States found that they must go further. Before the war was over, there was increased interest in building a canal across Central America.\textsuperscript{37} The pending annexation of the Hawaiian Islands must be consummated. They would provide an excellent base between the United States and the Philippines.\textsuperscript{38}

Popular opinion in America was not completely in favor of reaching beyond the borders of North America. Americans could not yet realize that a new day had dawned. Many wanted to hold fast to the past principles which had guided the national destiny of the United States. Though this nation had expanded on the continent, it had not gone beyond the Americas. The advice of George Washington concerning relations with foreign countries was still in the minds of many Americans. Foreign possessions would, of a certainty, result in alliances and commitments with other nations. It was difficult for the people of the United States to understand the great changes which had come about since the days of Washington.\textsuperscript{39}

\textsuperscript{36}Ibid., p. 255.

\textsuperscript{37}"A Ship Canal As a Consequence of the War," The American Monthly Review of Reviews, XVII (June, 1898), 654.

\textsuperscript{38}Grover Clark, A Place in the Sun, p. 75.

\textsuperscript{39}Nearing and Freeman, op. cit., p. 256.
Other Americans believed a partial monopoly of Cuban and Puerto Rican markets would bring financial returns to the United States greater than it could receive in the Far East.\textsuperscript{40} These islands were in the Americas, near the boundaries of the United States. They would not entangle the United States with other nations, and they were near enough to be defended.

A few Americans believed that it was the duty of the United States to take all the colonies of Spain. They held that it was an obligation placed upon it to lift the people of these regions upward in civilization and knowledge. To avoid this would demonstrate to the world a selfish attitude and an unwillingness to aid others.\textsuperscript{41}

The war had been a result of conditions in Cuba. Spain hoped that all adjustments would be made around this island. It suggested that if the United States wished an indemnity, the source of revenue should be placed upon Cuba. Spain realized it had lost Cuba, but it hoped to retain Puerto Rico and all its other possessions.\textsuperscript{42}

The terms of the treaty of peace between the United States and Spain provided that Spain should give up all sovereignty

\hspace{1cm}\textsuperscript{40}\textit{Worthington C. Ford}, "New Opportunities for American Commerce," \textit{The Atlantic Monthly,} LXXXII (Sept., 1898), 328.

\hspace{1cm}\textsuperscript{41}\textit{Edwin Erle Sparks}, \textit{The Expansion of the American People,} pp. 446-447.

\hspace{1cm}\textsuperscript{42}\textit{Latane\'}, \textit{op. cit.,} pp. 66-67.
in Cuba. It ceded to the United States Puerto Rico and all other islands of the West Indies under its sovereignty. In the Pacific, it ceded to the United States the island of Guam and the Philippine Archipelago.\textsuperscript{43} The United States paid Spain $20,000,000 for the Philippines.

It was agreed that for a period of ten years, ships and cargoes of Spain would be admitted to the Pacific islands on the same terms as American ships. Spain assumed the claims of its nationals against the United States. The United States assumed the claims of its nationals against Spain. The United States agreed to pay for the repatriation of Spanish soldiers taken prisoner when Manila fell.\textsuperscript{44}

Whitelaw Reid, one of the Paris Peace Commissioners and editor of the \textit{New York Tribune}, toured the United States trying to justify the acquisition of the new possessions. He pointed out the great commercial possibilities of the Philippines. He said that the United States was in control of the South China Sea, and the Pacific Ocean was becoming an "American Lake."\textsuperscript{45} By 1900, the United States controlled the islands of Hawaii, Wake, and Samoa, besides those it received as a result of the Spanish-American War.\textsuperscript{46} The

\textsuperscript{43}United States Congress, \textit{A Treaty of Peace Between the United States and Spain}, 55th Congress, 3rd Session, Senate Doc. No. 52, Part 1, pp. 3-4.

\textsuperscript{44}\textsc{Hacker} and \textsc{Kendrick}, \textit{op. cit.}, p. 351.

\textsuperscript{45}\textsc{Nearing} and \textsc{Freeman}, \textit{op. cit.}, p. 256.

\textsuperscript{46}\textsc{Clark}, \textit{op. cit.}, pp. 74-75.
United States had always been a geographical power of the Pacific. It now became a political power as well.\(^{47}\)

The fact that the United States did not annex Cuba did not, in any way, inhibit American business interests. Business discovered actual possession of territory was not necessary for economic imperialism. The United States controlled Cuba enough that its interests were secure. By the Platt Amendment of March 2, 1901, the United States made sure that its interests would not be endangered, and the island of Cuba would be open to American investment.\(^{48}\)

The political base for economic expansion was established by the Spanish-American War. New markets, a source of raw materials, and the ability of the United States to invest capital instead of borrow were the factors which began economic imperialism.\(^{49}\)

A war, basically fought on the ideal of humanity, changed the course of the United States. It began a period of expansion beyond the American continent. The economic and political implications resulting from it placed the interests and influence of the United States around the earth.


\(^{48}\)Chester Lloyd Jones, Caribbean Interests of the United States, pp. 81-92.

\(^{49}\)Nearing and Freeman, op. cit., p. 12.
CHAPTER VI

FINANCING THE WAR

The destruction of the battleship Maine brought to the Congress of the United States and the American people the possibility that actual war might erupt. The United States was placed in a precarious position. Its army and navy, since the Civil War, had degenerated to almost nothing. Appropriations to maintain them had been small and insufficient in the years preceding 1898.

Public pressure resulted in the appropriation by Congress, on March 9, 1898, of $50,000,000 to be used for national defense. This money went to the War and Navy Departments. Part of it was spent on cruisers and small vessels. It put the army and navy on a war status. There were no other appropriations until after war had been declared.

Congress was not slow in appropriating money for war. The conflict created a unity among the Republicans and Democrats. The United States was committed to a common purpose, and few Americans were now opposed to the war.¹

Experiences arising from the wars of 1812 and 1861 proved helpful in financing the war of 1898. The Treasury had, in

past wars, depended to too great an extent upon borrowing money. Though money was borrowed in 1898, taxation was used more fully than in any previous war.\(^2\)

On the day war was formally declared, a bill was introduced in Congress to provide a way to meet its cost. On June 13, 1898, the bill, after having passed the House and Senate with several amendments which were approved by the House, was signed by the President. The law taxed bankers $50 a year on the first $25,000 they had on deposit and $2 for every $1,000 above this amount. Brokers were taxed $50 a year. Commercial brokers and pawnbrokers were taxed $20 annually. A $10 tax was placed upon custom-house brokers. Those operating theatres, concert halls, and museums in a city with a population of over 25,000 were taxed $100. Circuses were taxed $100 for each state in which they operated. Public exhibitions, such as road shows, were taxed $10 a year for each state in which they operated. A $5 yearly tax was levied upon each bowling alley and billiard table in an establishment. Those who manufactured tobacco were taxed between $6 and $24 annually, depending upon the amount they sold. Dealers selling manufactured tobacco products were taxed $12 if their annual sales were over 50,000 pounds. If their sales were less than this amount, they were not subject to tax. Packers and manufacturers of mixed flour were taxed $12 a year.

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\(^2\)Ibid.
Certificates of indebtedness and stock and corporate bonds were taxed five cents on every $100 or any fraction of this amount below or above $100. A tax of two cents was placed on transfer of stock of $100 or fraction thereof of the par value. Checks, non-interest bearing certificates, drafts, and orders payable on demand were taxed two cents. Bills of exchange, time orders, promissory notes, deposits of interest-bearing certificates, and money orders for domestic use were taxed two cents for each $100 or any fraction of that amount. Letters of credit and foreign bills of exchange were taxed four cents for each $100 or fraction of that amount. If they were drawn in sets, and not singly, the tax was cut to two cents per bill.

Bills of lading for domestic shipment, tickets for parlor and sleeping cars, express receipts, telephone and telegraph messages which cost more than fifteen cents were taxed one cent. Passenger tickets to foreign ports, if the cost was thirty dollars or less, were taxed one dollar. If the cost was between thirty and sixty dollars, they were subject to a five dollar tax. A chartered party was taxed between three dollars and ten dollars, depending upon the weight of the vessel. Entry or clearance papers for a foreign port received a tax of from one dollar to five dollars, depending upon tonnage of the vessel. Indemnity bonds were taxed fifty cents. Certificates of profit and transfers were
taxed two cents on every $100 or fraction of that amount. Documents issued by post wardens and marine surveyors paid the government twenty-five cents; of other certificates the law required ten cents, and of brokers' notes of sale, ten cents. Transfer of real estate exceeding $100 cost fifty cents for every $500 or fraction thereof. Mortgage on real and personal property of amounts from $1,000 to $1,500 were taxed twenty-five cents. For each additional $500, there was a tax of twenty-five cents. A lease for twelve months or less was taxed twenty-five cents; for every one to three years, fifty cents, and for those over three years, one dollar.

The entry of goods into a warehouse or customs house was twenty-five cents to one dollar. To withdraw goods from a bonded warehouse cost fifty cents in tax. Eight cents on life insurance policies for each $100 of insurance was charged. Policies of the industrial or weekly payment plan were taxed forty per cent of the first weekly premium. Some insurance companies were exempt from tax. Among such groups and companies were placed farmers, local cooperative companies, fraternal insurance societies, and relief associations set up by employees. Fire, marine, and all other types of insurance were taxed one half of one per cent of the premium charged.

A power of attorney for voting at an election of a business corporation was ten cents; power of attorney for all other purposes was twenty-five cents. Warehouse receipts
were taxed twenty-five per cent, except for agricultural products deposited by the farmer and subject to sale. The duties on bills of lading, passenger tickets, and manifests did not apply to vessels operating between the United States and Canada.

The tax on beer was increased from one dollar to two dollars a barrel, with a two and one half per cent discount. Tobacco and snuff were increased to twelve cents a pound. Cigars and cigarettes weighing more than three pounds for every thousand were taxed $3.60 per thousand. Cigars that weighed less than this were only taxed one dollar a thousand. Cigarettes which weighed less than this were taxed one dollar and a half. A tax of four cents a barrel was placed on mixed flour, with proportionate amounts for only part of a barrel. Patent medicines and toilet articles received a tax of one-eighth of one per cent on five cent packages. This amount finally increased to five-eighths of one per cent on twenty-five cent packages, with an additional five-eighths of one per cent for each additional twenty-five cents. Chewing gum was taxed almost four per cent. Bottles of wine containing a pint or less were one cent, while larger bottles were two cents.

Inheritance taxes were placed on estates only when the value of the whole estate exceeded $10,000. On estates between $10,000 and $25,000, direct heirs, brothers, and sisters were taxed three-fourths of one per cent; nieces,
nephews, and their descendants, one and one half per cent; uncles, aunts, first cousins, and their descendants, three per cent; great uncles, great aunts, and their descendants, four per cent; relatives more distant, or unrelated persons by blood or corporations, both public and private, five per cent. If the value of the estate was between $25,000 and $100,000, the rates were increased by one half. If the property was valued between $100,000 and $500,000, the rates were doubled. If the estate was valued between $500,000 and $1,000,000, the rates were multiplied by two and one half. If it exceeded $1,000,000 in value, the tax percentage was tripled. A surviving husband or wife was exempt from these taxes. The act also provided for an import duty of ten cents a pound on tea and the coinage of $1,500,000 a month in silver bullion.

To prevent companies from evading this tax rate, all companies receiving goods for freight and express shipments were required by law to issue receipts. Failure to do so resulted in a fifty dollar fine for each offense. The act appropriated $100,000 to the Bureau of Internal Revenue so that additional collectors and clerks might be employed to assist in the new tax law.\textsuperscript{3} These taxes were designated to

bring approximately $250,000,000 in additional income to the government each year.4

The cost of the war was high. In May of 1898, the Treasury showed a deficit of almost eighteen million dollars.5 In June, $200,000,000 in bonds were offered for sale. It was arranged so that small investors could purchase bonds in a convenient manner. A bond could be secured for as little as twenty dollars. As soon as the $200,000,000 in bonds were released for sale, two business firms, without the knowledge of the other, informed the government that they would be willing to purchase the entire amount, or any portion which might remain after popular subscription was exhausted.6

The loan was popular with the public. The proceeds came into the Treasury so rapidly that it was feared for a while that the country would experience a shortage of money.7

Table 9 shows the amount of money which was appropriated by Congress in order to meet the expenses which grew out of the war with Spain.

5Harry Thurston Peck, Twenty Years of the Republic, p. 591.
7Conant, op. cit., pp. 317-318.
TABLE 9

APPROPRIATIONS OF SECOND SESSION OF FIFTY-FIFTH CONGRESS FOR EXPENSES OF THE SPANISH AMERICAN WAR

<table>
<thead>
<tr>
<th>Act</th>
<th>Amt. Appropriated</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Defense Act, May 9, 1898</td>
<td>$50,117,000.00</td>
</tr>
<tr>
<td>Army and Navy Deficiencies Act, May 4, 1898</td>
<td>34,626,725.71</td>
</tr>
<tr>
<td>Naval Appropriations Act, May 4, 1898: Increase over Preceding Naval Appropriations Act</td>
<td>23,095,540.49</td>
</tr>
<tr>
<td>Fortification Appropriation Act, May 7, 1898: Increase over Act as Passed by House</td>
<td>5,232,582.00</td>
</tr>
<tr>
<td>Naval Auxiliary Act, May 26, 1898</td>
<td>3,000,000.00</td>
</tr>
<tr>
<td>Additional Clerical Force, War Department, Auditors' Offices, etc., Act, May 31, 1898</td>
<td>227,976.45</td>
</tr>
<tr>
<td>Life-Saving Service Act, June 7, 1898</td>
<td>70,000.00</td>
</tr>
<tr>
<td>Army and Navy Deficiencies Act, June 8, 1898</td>
<td>18,015,000.00</td>
</tr>
<tr>
<td>Appropriations in Act to Provide Ways and Means to Meet War Expenditures, June 13, 1898</td>
<td>600,000.00</td>
</tr>
<tr>
<td>Army, Navy, and Other War Expenses for Six Months, Beginning July 1, 1898, in General Deficiency Act</td>
<td>226,604,261.46</td>
</tr>
<tr>
<td>Expenses of Bringing Home Remains of Soldiers</td>
<td>200,000.00</td>
</tr>
<tr>
<td>Total</td>
<td>$361,783,095.118</td>
</tr>
</tbody>
</table>

The end of the war brought economic obligations which, in themselves, cost as much as the war with Spain. The United States paid Spain $20,000,000 for the Philippines, as agreed by the treaty of peace. It cost the United States government

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Sibid., p. 315.
$175,000,000 to suppress a revolt in the Philippines in 1899.\textsuperscript{9} American military forces remained in Cuba until May 20, 1902. The cost of this occupation was borne by the United States government.

Summary and Conclusions

The Spanish American war grew out of the Cuban Revolt of 1895. This revolt was the last of a series which swept this Spanish possession in the nineteenth century. Spain had, in a world of change, continued to govern its possessions as it had in the preceding centuries. The people of Cuba were dissatisfied with their treatment. The island was burdened with heavy taxes. The people were governed, mainly, by appointees from Spain who were interested in personal profit and not in a prosperous and progressive Cuba.

Since its beginning, the United States had been interested in the island of Cuba. Its proximity to this country and its strategic location near the mouth of the Mississippi River made it important to American commerce and defense.

From 1880 until 1883 the interest of the United States in Cuba was mainly political. There was fear that an unfriendly power might obtain the Spanish possession with resulting danger to the national safety of the American republic. From 1880 until the Mexican War in 1848, United States policy

\textsuperscript{9}Hacker and Kendrick, \textit{op. cit.}, p. 360.
favored the retention of Cuba by Spain. After 1848, this policy changed, and the American government became interested in annexing Cuba. This interest was largely promoted by the southern slave-holding states. Commercial interests of the North favored such action, but they were prevented from exerting any measure of influence by anti-slavery forces. The problem of Cuba was temporarily cast aside as a result of the war between the North and South.

From the early nineteenth century commerce between Cuba and the United States had steadily increased. It was not until after 1883, however, that American economic interests in Cuba became a controlling factor in the relationship of the United States with the Spanish possession. The period following the "Ten Years War" in Cuba offered special inducements to the establishment of American interests. This, along with the fact that United States business now had money to invest in foreign fields, caused American interests to invest heavily in Cuba. In sugar, in tobacco, in mines, and in shipping, these American interests were considerable.

The revolt against Spain which swept Cuba in 1895 directly affected these American interests. Business, in general, did not favor intervention in the struggle between Spain and Cuba. It feared Cuban independence would bring continuous strife to the island and make business there impossible.
The treatment of Cubans by Spain during the revolt aroused the sympathy of the American people. Newspapers and popular publications played upon this sympathy. The pressure of the American people for intervention in the name of humanity forced the United States into war with Spain. Shortly before war was declared, some businesses had decided in favor of war, particularly those having direct economic interest in Cuba. The conflict, however, was only in a small measure a result of economic forces in America.

Once war had begun, business became interested in the possibilities offered by retention of the foreign possessions of Spain. The Philippine Islands would not have become a possession of the United States had it not been for American trade with China. Business interests insisted that the islands would protect this trade.

Guam and Wake islands were necessary as coaling stations. The annexation of Hawaii was pushed as a result of the war. The canal across the isthmus of Panama assumed new importance. Puerto Rico and other islands of the West Indies which had belonged to Spain became possessions of the United States. Cuba, though it became independent, remained largely under the control of the United States.

The Spanish American War opened a new world to Americans. The commerce and trade of the United States encircled the globe, and the territory acquired as a result of the war created obligations and commitments which are still being
fulfilled. New territory and economic interests profoundly influenced the policies of the American government.

The implications arising from the war of 1898 are by no means exhausted. In 1941, United States interests in the Philippines and Hawaii, its "half-way house" to these islands, evidenced the fact that history is a unit, not separate compartments which can be pushed aside and a benediction pronounced upon them.
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