

disorder led Wilson in 1914 to demand the usual remedy: U.S.-sponsored elections. The government agreed to elections but not to the president's next demand—that U.S. bankers oversee the country's finances. In 1916, the government threatened to default on its debt. Eager to protect strategic routes in the Caribbean as well as to stop possible instability, Wilson landed the marines in May of that year. The U.S. military tried to rule the capital city of Santo Domingo, but guerrilla warfare tore the country apart between 1917 and 1922. U.S. investors took over large sugar and real-estate holdings. Racism fueled the anti-U.S. rebellion. (In a typical incident, a black shopkeeper brushed a U.S. soldier who screamed, "Look here, you damned Negro! Don't you know that no damned Negroes are supposed to let their bodies touch the body of any Marines?") By 1922, President Warren G. Harding's administration searched for an escape from the mess. The marines pulled out in 1925. A series of dictators again took over the country's affairs. As historian Kendrick Clements summarized, "Benevolent motives, backed by seemingly unlimited force, tempted the Americans to intervene where they were not wanted and where they did not understand the situation."<sup>25</sup> It would not be the last time in the twentieth century, unfortunately, that such a judgment could be made.

In June 1916, Wilson prepared a message to send to Congress. "It does not lie with the American people," he wrote, "to dictate to another people what their government shall be or what use shall be made of their resources." Secretary of State Lansing read the draft, then wrote in the margin: "Haiti, S. Domingo, Nicaragua, Panama." Wilson never sent the message. He did, however, keep U.S. troops in those places.<sup>26</sup>

Start

#### THE UNITED STATES AND WORLD WAR I: LEGALITY VERSUS NEUTRALITY (1914–1916)

World War I began in August 1914. No one thought of it as a world war at first. The conflict seemed to resemble other crises that had arisen in the restless Balkans during 1908 and 1911–1913. These crises had been brought about by the slow collapse of the Austro-Hungarian and Ottoman empires. Circling the empires like vultures were two alliance systems—the Central Powers of Germany and Austria-Hungary itself, and the Entente (or Allied) powers of Great Britain, France, Russia, and, later, Italy. U.S. officials paid little attention to Balkan events. Nor, at first, did U.S. policy change in June 1914, when Archduke Francis Ferdinand of Austria was assassinated by a Serbian gunman.

When Austria tried to avenge itself against Serbia, however, Russia came to Serbia's side. Armies were mobilized, war declared, and bloodshed followed. Even then, many experts agreed with Captain Alfred Thayer Mahan's view that modern war was only an "occasional excess" from which recovery was easy. ~~The huge arms build-up on both sides, these experts concluded, would deter either side from trying to push too hard.~~

By the autumn of 1914, it was clear that Mahan had been tragically wrong. As conflict expanded, all of Europe organized for war. Wilson issued a public statement urging Americans to be "neutral in fact as well as in name," "impartial in thought as well as in action." In reality, few could be neutral. Many recent Irish and German immigrants, for example, were anti-British. Many other Americans favored the Entente because of common language, the growth of economic ties, and the post-1895 warmth that cheered Anglo-American diplomats. That warmth rose considerably after British propagandists swamped the United States with stories of how the German "Huns" committed such atrocities as destroying the great library of Louvain when they invaded Belgium, killed in cold blood the famed British nurse Edith Cavell (who had, in truth, been acting as a spy), or, later, dispatched clumsy espionage agents to the United States itself.

Wilson's closest advisers quickly took sides. Colonel House had long hoped to work out U.S.-British-German cooperation. During the summer of 1914, House had been in Europe to sell these ideas to German and British leaders. As the war's shadows descended, the colonel feared that Wilson would have to choose between two evils: if the Central Powers won, German militarism would triumph; if the Allies won, then Russia could end up controlling central Europe. House chose to support the British and hoped that somehow the tsar could be held in check. Robert Lansing, then counselor in the Department of State, agreed. He was perhaps the most pro-British official in the administration's top echelons. Bryan took a more neutral position, although he was appalled by the German atrocities. Above all, the secretary of state did not want the United States to enter the war on either side.

It fell to Lansing to shape some of the first U.S. responses. When the war began, Wilson was recovering from the death of his first wife. The initial decisions, moreover, involved the U.S. response to the British naval blockade of German ports. As the administration's expert on international law, Lansing had some responsibility for drafting the proper response. By the end of 1914, he had strongly asserted U.S. neutral rights. But he had also gone far in recognizing the British right to stop



Europe divided bloodily between 1914 and 1918 as Americans (especially Wilson and House) had qualms about joining either the Central Powers or the Allies.

and search neutral (including U.S.) ships carrying munitions and other contraband (that is, weapons or other articles used to wage war) to the Central Powers. His position was good international law, but it also worked to Great Britain's advantage, especially when London officials began to expand the list of what they considered to be contraband.<sup>27</sup> The United States frequently protested British actions, but as Lansing later admitted, "I . . . prepared long and detailed replies" to complicate and prolong the controversies with London. Lansing hoped that as time passed, "the American people [would] perceive that German absolutism was a menace to their liberties."<sup>28</sup>

Lansing's tactics paid off. In February 1915, the Germans retaliated against the tightening British blockade with a submarine campaign aimed at Allied and neutral ships. The submarine (U-boat) was a shocking new weapon that brought sudden, unexpected death from the invisible depths of the Atlantic. There existed no body of international law to guide American responses to the U-boats. Wilson warned that he would hold Germany to "strict accountability" if U.S. ships were destroyed—although no one, including the president, knew exactly what

this meant. The Germans took the position they had held for two years: they would call off their submarines if the British stopped trying to starve the Central Powers. Neither the British nor Wilson accepted that deal. Both believed that surface blockades were legal and traditional, but sudden submarine attacks illegal and uncivilized. In March 1915, the British passenger liner *Falaba* was sunk and one American life lost. In early May, the United States protested when one of its merchant ships was attacked and three lives lost.

Then, on May 7, a submarine sank the British liner *Lusitania*. Nearly 1,200 died, including 128 Americans. U.S. anti-German opinion grew white hot. Later investigation proved what the Germans claimed in 1915: the *Lusitania* was carrying a large cargo of munitions to Great Britain. Before it sailed, Germany had publicly warned that the ship was fair game. Wilson nevertheless prepared a note demanding that Germany pledge never again to attack a passenger liner. He insisted on the right of Americans to travel on any passenger ship they pleased. Bryan agreed on the need to protest but worried that the United States was moving slowly but surely into the Allied camp. He demanded that Wilson send an equally strong note to London protesting the British blockade. The president wavered and then, after discussing the problem with House (who was in London), refused Bryan's request. The secretary of state resigned.



In his parting words, he not only questioned U.S. policy, but complained that Wilson had always allowed House to act as the real secretary of state. Louisville newspaper editor Henry Watterson expressed the popular reaction when he blasted Bryan's resignation: "Men have been shot and beheaded, even hanged, drawn, and quartered, for treason less heinous." Germany responded to Wilson's demand by apologizing for the *Lusitania* sinking and offering an indemnity. But the episode marked a turning point. Wilson had now decided to separate, openly and formally, British and German sea warfare. His demands of Germany were not to be related to his policies toward Great Britain's blockade. Bryan's resignation removed the most neutral member of the cabinet. Robert Lansing moved up to be secretary of state.<sup>29</sup>

In August 1915, a German submarine commander sank the British liner *Arabic* and killed two Americans. Berlin immediately disavowed the attack and apologized for the commander's action. Lansing warned that if Germany did not promise to stop attacking passenger liners (unless the passenger ships tried to escape or attack the subs), the United States "would certainly declare war."<sup>30</sup> The kaiser's government finally made such a promise in the so-called "*Arabic* pledge."<sup>31</sup> Merchant ships were not covered by the pledge; but in due time, Wilson would also have to close that loophole if he hoped to protect U.S. rights to travel and sell to both belligerents.

Wilson's decided tilt toward the Allies became especially notable when he had to decide whether U.S. bankers should be allowed to grant credits and loans to the belligerents. The stakes were high, for they involved nothing less than the health of the American economy. When the war began in mid-1914, the economy was entering a severe slump. The two key exports, wheat and cotton, depended on British and German markets. As the war demand shot upward, especially for these exports, the Allies and Central Powers discovered that they were quickly exhausting their cash reserves. They needed financial help, preferably loans from the Americans, who were—as Jefferson had put it a century before—"fattening upon the follies" of Europeans.

The administration at first decided against allowing loans. As Bryan declared, "Money is the worst of all contrabands because it commands everything else." But without money, the Europeans could not buy, and without their buying, the United States faced economic bad times. Wilson and Bryan decided to compromise. They quietly allowed bankers to offer credits (a transaction limited to a bank's own resources, in which the borrower usually uses the money only to buy specified goods).

They would not allow the bankers to float loans—that is, to offer securities on the public market to raise huge amounts of dollars to lend to the belligerents. The Americans who subscribed to the loans would then have to rely on British (or German) securities for repayment, a dependence that could make the lender exceptionally interested in having his or her borrower win the war.

By mid-1915, however, the bank credits proved inadequate to finance the multiplying trade in food and munitions. U.S. exports by mid-1915 had more than doubled since mid-1914. The Allies and the Central Powers alike appealed for outright loans. After agonizing over the decision for a month, Wilson quietly reversed himself in September 1915 and allowed loans to be floated. (Bryan, it will be remembered, had resigned three months earlier.) The president changed his mind not only because he believed that both Germany and the Allies would have equal access to U.S. money markets, but above all because—as his secretary of the Treasury wrote—"our foreign commerce is just as essential to our prosperity as our domestic commerce."<sup>30</sup>

It turned out to be a pivotal decision. Bankers immediately floated the first Allied loan for \$500 million. Although the amount was found only with difficulty, it opened the floodgates. The Allies, with their stronger links to U.S. banks, borrowed \$2.5 billion over the next two years. (These loans were secured by British investments in American companies.) The Central Powers received less than one-tenth that amount. War-related U.S. exports doubled in the last half of 1915 to \$2 billion (with most going to England and France), then doubled once more in 1916. Again, as Wilson's first major biographer observed, the president's decision to allow loans retreated from a position of "the true spirit of neutrality" to one based upon 'strict legality.'<sup>31</sup> The decision also helped transform the United States from being one of the world's greatest debtors (it owed the world about \$3.7 billion in 1914) to a creditor of \$3.8 billion by the end of the war. This huge, quick movement of money between 1914 and 1918 helped turn the United States into the world's economic superpower of the twentieth century.

Wilson's dilemma was intense. He understood how U.S. submarine and financial policies were pushing him into the Allied camp. He certainly did not want a total German victory, but neither did he want an Allied triumph that destroyed the European balance of power and left Russia astride much of the continent. From the start of the conflict, he believed that he alone was in the best position to mediate a fair settlement and stop the bloodshed. Like a virtuoso, House played on Wil-

stop