

Foreign Affairs: Good Neighbor Policy 1928-Present

The Good Neighbor Policy phrase was coined by President Herbert Hoover, not President Franklin Roosevelt. Hoover was on a goodwill trip to Latin America soon after his election in 1928 when he gave a speech in Honduras announcing, "We have a desire to maintain not only the cordial relations of governments with each other, but also the relations of good neighbors."

The intention of the new policy was to mend relations with Latin American countries after they criticized the Coolidge Administration during the Sixth Pan-American Conference in Havana in 1928 for armed interventions in Haiti and Nicaragua. U.S. relations with Latin America were at an all-time low.

During the Hoover Administration, policies were put into place to improve relations, such as the Clark Memorandum of 1930 [see below] in which the State Department retracted Theodore Roosevelt's Corollary to the 1823 Monroe Doctrine, which declared that only the United States could collect debts owed to foreigners by countries in the Western Hemisphere. The Clark Memorandum did not, however, repudiate the right to intervention itself. Also, Hoover's withdrawal of troops from Nicaragua and planned removal from Haiti improved relations with Latin America.

In President Franklin Roosevelt's inaugural address, he also promised to improve relations with Latin America by stating, "In the field of world policy, I dedicate this nation to the policy of the good neighbor — the neighbor who resolutely respects himself and, because he does so, respects the rights of others." President Roosevelt did much to improve relations by assigning Secretary of State Cordell Hull to carry out his vision of this policy, which was to improve the ties between those countries and the United States to ensure non-hostile neighbors south of its borders. In addition, the policy sought to secure Latin American cooperation in the world war effort by maintaining the flow of petroleum and other raw materials.

Hull's policies of low tariffs improved the economies of the Latin American countries that had been hurt by the Hawley-Smoot Tariff of 1930 [see below], especially in Cuba where low prices on sugar had previously made it impossible to sell to the United States. Also the Panama Canal Treaty was re-negotiated in 1936. In addition, when the United States restrained from intervening when Mexico expropriated foreign oil companies in 1938, both countries were able to arrange an amicable settlement.

In other efforts, Hull convened the Seventh Montevideo-Pan-American Conference in 1933 in Uruguay, where he committed to a policy of non-intervention in the affairs of Latin American countries. As evidence of his commitment, U.S. Marines were removed from Haiti in 1934 and Congress signed a treaty with Cuba nullifying the 1903 Platt Amendment, which authorized United States occupation of that country.

At the Conference for the Maintenance of Peace in Buenos Aires in 1936, the American nations agreed to mutual consultation if there was a security threat to any of the nations within the hemisphere. At the Eighth Pan-American Conference, held in Lima, Peru, Hull managed to obtain a resolution reasserting a united front against possible Axis aggression against American nations during the war, even though most Latin American countries at the time were ruled by generals who admired European facism.

Great strides had been made to improve relations between the United States and Latin America during World War II so that after the war's end, the U.S. was able to persuade Latin American countries to join the Organization of American States, a regional organization under the United Nations that was largely funded by the United States.

However, postwar policies toward Latin American countries began to erode the previous progress made in those relationships when a newly structured economic power restored the monetary and financial strength of industrial countries, but largely ignored Latin America.

The Good Neighbor Policy and the Pan-American "war propaganda" were further abandoned when the United States ignored free trade overtures and viewed Latin America merely as a supplier of raw materials and tropical foodstuffs. As a result, Brazil began to restrict imports and to subsidize domestic industries, while drawing foreign companies to invest in Latin America caused friction with the United States, whose control over those economies began to slip.

During the Cold War (1946-1989), the threat of Communist infiltration into poverty-stricken neighbors to the south caused the United States to once again intervene. Examples included Guatemala, where the CIA secretly intervened in 1954, and in Cuba, where Fidel Castro, with his rise to power in 1959, installed a government backed by the Soviet Union. The United States tried unsuccessfully to subvert the revolution in Cuba through the Bay of Pigs invasion by Cuban exiles in 1961. Castro allowed the Soviet Union to place nuclear missiles in Cuba a year later, to defend the island against continued threats from the United States. Those missiles were later removed, but Cuba continued to receive aid from the Soviet Union.

The U.S., concerned with possible further infiltration by the Soviet Union with foreign aid and military assistance to other Latin American countries, increased its own contribution of foreign aid and technical advice through its Alliance for Progress program [see below] — and subsidized secret police and armies throughout the region.

During the 1970s, Latin America was hurt by a jump in oil prices and a subsequent decline in foreign investment in those countries. Those countries expanded their investments in their own countries by amassing huge amounts of debt from money provided by international banks. Because of improper guidance and corruption elements within those governments, their debts became unpayable by 1980, and the military governments still in power resigned, leaving common citizens to run the government. Little was done by the United States to deal with those debts, which were associated with the decline of U.S. trade and investment in Latin America. But the U.S. continued to intervene when they invaded Grenada in 1983 where a leftist movement rose to power. They also funded Honduran-based guerrillas to fight the Nicaraguans and other covert operations to prevent further communist infiltration.

Other issues, such as the massive illegal immigration to the United States, the importation of drugs, and environmental degradation, further complicated relations with countries south of the border. But as the presence of Americans of Latin American descent grew, their influence culturally and politically helped to strengthen the bonds with those countries. In addition, as the United States began to be less competitive in foreign markets, discussions of a free trade area began to take place. In a more recent version of the Good Neighbor Policy, the world's largest free trade area was created when the United States, Canada and Mexico launched the North American Free Trade Agreement (NAFTA).

In March 2002, Assistant Secretary of State for Western Hemisphere Affairs, Otto J. Reich, spoke at the Center for Strategic and International Studies in Washington, D.C., regarding President George W. Bush's hemispheric policies. In his speech, Reich spoke of the challenges facing Latin American countries after a decade of reforms. Although the U.S. and other countries had experienced economic slowdowns, some Latin American countries were weathering the storm due to "...maintaining the course on reforms, maintaining fiscal discipline, liberalizing trade regimes, privatizing inefficient state industries, deregulating internal markets and investing in their own people." Reich spoke eloquently of the Bush administration's version of the Good Neighbor Policy, stating,

"We get to freedom through democracy; to prosperity through trade; and to security through a concerted, multiple-layered effort to combat the scourges of terrorism, narcotics trafficking, criminality and lawlessness, and other transnational threats."

Clark Memorandum (December 17, 1928)

During the late 1920s, a number of American foreign policy leaders began to argue for a softer tone in U.S. relations with Latin American nations, which had been chafing under decades of intervention by the colossus to the north.

Undersecretary of State, and later Ambassador to Mexico, J. Reuben Clark (1871-1961) held these conciliatory views and completed work on the hefty *Memorandum on the Monroe Doctrine* late in the Coolidge administration. Clark argued the following:

- The *Monroe Doctrine* was not solely concerned with inter-American relations.
- The Doctrine states a case of the United States versus Europe, not of the United States versus Latin America.
- The primary purpose of the Doctrine was to protect Latin American nations from intervention by European powers.
- The *Roosevelt Corollary* was not part of the Monroe Doctrine.

While sometimes regarded as an outright repudiation of the Roosevelt Corollary, Clark was simply advancing his belief that the corollary was separate from the Monroe Doctrine and that American intervention in Latin America, when necessary, was sanctioned by U.S. rights as a sovereign nation, not by the Monroe Doctrine.

Clark's views were not made public until March 1930 during the Hoover administration, when Secretary of State Henry L. Stimson was guiding American diplomacy toward the beginning of a "Good Neighbor Policy" with its Latin American neighbors.

Foreign Affairs: Hawley-Smoot Tariff June 17, 1930 - Hoover administration

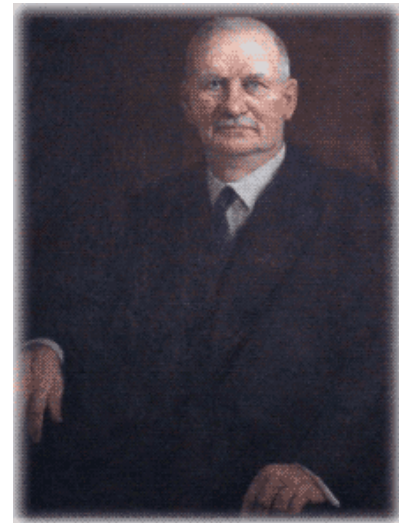
The Republicans' domination of Congress throughout the 1920s afforded them ample opportunity to enact legislation that was acceptable to the business and financial communities. Action had been taken on the tariff in 1922 by the Harding administration (see Fordney-McCumber Tariff), but special interests were clamoring for a new law when Herbert Hoover took office.

Willis C. Hawley, the House Ways and Means Committee chairman from Oregon, helped to fashion a moderate revision of the existing law. However, lobbyists went to work and successfully urged for a host of changes and exceptions, which effectively changed the bill from a modest reform measure into an extremely protectionist one.



Reed Smoot

Senate consideration was led by Reed Smoot, the Finance Committee chairman from Utah, who succeeded in deleting some of the most egregious protectionist features, but still produced a bill warmly greeted by American manufacturers and farmers. Debate was intense and passage was assured only after two Democrats came on board after receiving protection for their constituents' textile and sugar interests.



Willis C. Hawley

Hoover had advocated moderate tariff revision and was disappointed by the Hawley-Smoot bill. Opponents of the measure organized a petition signed by 1,000 economists who expressed concern about anticipated tariff reprisals from other nations. Hoover ignored this advice and signed the bill into law in June 1930.

The Hawley-Smoot Tariff established some of the highest rates in American history, raising, for example, average agricultural rates from 38 percent under Fordney to 49 percent.

Special protection given to U.S. sugar producers apparently played a role in deepening an existing economic crisis in Cuba, where low prices had plagued the industry for years. The

imposition of Hawley-Smoot rates made it almost impossible for Cuban sugar to sell in America, prompting further economic turmoil and weakening the Cuban government's grasp on power.

Many historians also have maintained that the high U.S. rates exerted a dramatic impact on Europe as well. Manufacturers on the continent found it difficult to market their goods in America, which contributed to the former allies' increased difficulty with meeting war debt obligations, and stagnating international trade.

Alliance for Progress Program

Alliance for Progress (Span. *Alianza para el Progreso*), U.S. assistance program for Latin America begun in 1961 during the presidency of John F. Kennedy. It was created principally to counter the appeal of revolutionary politics, such as those adopted in Cuba under Fidel Castro. It called for vast multilateral programs to relieve the continent's poverty and social inequities and ultimately included U.S. programs of military and police assistance to counter suspected Communist subversion. The charter of the alliance, formulated at an inter-American conference at Punta del Este, Uruguay, in Aug., 1961, called for an annual increase of 2.5% in per capita income, the establishment of democratic governments, more equitable income distribution, land reform, and economic and social planning. Latin American countries (excluding Cuba) pledged a capital investment of \$80 billion over 10 years. The United States agreed to supply or guarantee \$20 billion. By the late 1960s, however, the United States had become preoccupied with the Vietnam War, and commitments to Latin America were reduced. Moreover, most Latin American nations, under dictatorships, were unwilling to implement needed reforms. The Organization of American States disbanded the permanent committee created to implement the alliance in 1973.