



American Commercial Diplomacy

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The Advocate of Peace (1894-1920)

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American Commercial Diplomacy.

By Hon. Oscar S. Straus.

ADDRESS AT THE LAKE MOHONK ARBITRATION CONFERENCE, MAY, 1911.

I have selected for my short address the subject of commercial diplomacy—and I wish to make a distinction between the diplomacy of commerce and the dollar diplomacy. The dollar diplomacy is a diplomacy of exploitation; it is the subordination of human interests to strictly material advantages. But the diplomacy of commerce is based upon mutuality; it is diplomacy essentially of peace, of equal opportunity, and of the open door. I believe no more useful thought can be brought into this conference than that of the spirit of such diplomacy as it has developed in our international relations.

Our American diplomacy, in its aim and purpose, from the beginning was commercial as distinguished from political, and this purpose, in its very nature, gave to it the character of sincerity and straightforwardness. After our independence was established and we entered upon our national life as an independent nation, our first concern was to negotiate treaties of amity and commerce. As early as 1778 the first treaty we concluded as a nation was our treaty of amity and commerce with France, by which France and the United States engaged mutually not to grant any favor to other nations in respect to commerce and navigation which should not immediately become common to the other party who should enjoy the same favor.

Washington in his farewell address, outlining with clearness and statesmanly foresight our national policy, said: "The great rule of conduct for us in regard to foreign nations, is, in extending our commercial relations, to have with them as little political connection as possible. So far as we have already formed engagements, let them be fulfilled with perfect good faith. Here let us stop." At this time (1796) events had fully justified the wisdom of this policy, which had been adopted by Washington against the bitter opposition of Jefferson and Madison and their partisans, who, because of their sympathy with the French democracy, endeavored to identify the interest of our country with France in her wars against the allied powers and with her unbridled and infuriated democracy. Conditions rapidly developed which compelled Washington to take a decided step forward amid difficulties and perplexities, which at the present day it is perhaps not possible to adequately realize and much less measure. The young nation gave notice to the world that the United States was not to be a pawn on the chessboard of European politics, but would, in accordance with its independent position in the family of nations, follow its own best interests in conformity with its principles of international equity and justice. The conditions referred to were the overthrow of the French monarchy and the excesses of the French revolution, and the coming to this country of a Minister from the French Directory, Genet, who, upon his arrival at Charleston, appealed to the public opinion of the country, enlisting men, equipping vessels, commissioning privateers, as if the United States were a colony or a dependency of France. The crisis he provoked became so intense that it created a

distinct division, even in Washington's Cabinet, and it was found necessary and imperative for the President to suspend the functions of Genet and demand his recall. He immediately issued a proclamation of neutrality embodying the highest ideals of international text writers, and far in advance of that doctrine of expediency which then controlled the practices of nations. Hall, one of the foremost of the recent authoritative writers on international law, says of it: "The policy of the United States in 1793 constitutes an epoch in the development of the usages of neutrality. * * * It represented by far the most advanced existing opinion as to what these obligations were. * * * In the main, however, it is identical with the standard of conduct which is now adopted by the community of nations."*

At the outbreak of the Revolution it was estimated that one-tenth of the wheat and flour exported from the United States, and one-fourth of dried and pickled fish, besides other products, found their best markets in the ports of the Mediterranean. This commerce had grown up under the protection of the British flag, and there were employed from 80 to 100 ships. When the war began, this commerce had to be entirely abandoned, and the commercial loss was severely felt. In the Treaty of 1778 with France it was proposed by the negotiators, in accordance with the instructions given to them by the Continental Congress, that France should take the place of Great Britain as the protector of the American vessels, but the King of France would go no further than to agree to employ his good offices.

When the new Government, under the Constitution, was formed, Jefferson, as Secretary of State, declared the determination of the United States "to prefer war in all cases to tribute under any form." But a navy was wanted to make this declaration effective. By December, 1793, the number of American vessels captured by Algerian Corsairs had reached to 13, and the number of captives to 119. The United States, urged on by the cry of the captives, whom it was then unable to rescue by force, accepted the conditions of the Dey, and by the expenditure of nearly \$800,000 obtained the release of its citizens and purchased a peace, which was signed on September 5, 1795. A treaty with Tripoli followed in November, 1796, and with Tunis in August, 1797. In our treaty with Tripoli, concluded during the administration of Washington, we find a significant declaration, doubtless inserted to overcome the religious fanaticism of the Dey, and for the purpose of emphasizing that our form of government was a civil commonwealth—as distinguished from a monarchy where its church and state are united or where the State is under the domination of an ecclesiastical hierarchy. The declaration referred to is contained in Article IX of the treaty, and reads as follows: "As the government of the United States of America is not in any sense founded on the Christian religion; as it has in itself no character of enmity against the laws, religion, or tranquility of Musselmen * * * it is declared by the parties that no pretext arising from religious opinions shall ever produce an interruption of the harmony existing between the two countries." Perhaps the idea was also to emphasize the strictly and exclusively commercial purpose intended to be served by the treaty. With the omission

* Hall's International Law, 3d Ed., p. 594.

of the introductory phrase, a similar declaration was inserted in the treaty with Tripoli of 1805, and in the treaties with Algiers of 1815 and 1816.

During the seven years that followed the second peace with Tripoli, the relations of the United States were comparatively uneventful, but the feeling of hostility broke out again in 1812, when it became known that war between the United States and Great Britain had broken out. An act was passed by Congress on the 3d of March, 1815, "for the protection of the commerce of the United States against the Algerine cruisers." Two squadrons were ordered to the Mediterranean under Bainbridge and Decatur, and immediately upon their arrival on the scene, they forced the Dey to sign a treaty by which it was declared that no tribute of any form or under any pretext should ever be required from the United States. Tripoli and Tunis were also admonished, and thereby through the intrepid course of our navy, the Barbary pirates were taught, after centuries of depredations on life and property, to respect human rights, and the Mediterranean was made free to the commerce of the world.

The efforts of the United States to secure for commerce the free navigation of rivers and seas began early in its history, and has been persistently and successfully pushed forward upon the broad principles of international justice and equality among nations; in other words, our policy on land and sea has consistently been that of "the open door." Besides maintaining the freedom of the seas the United States from the beginning contended for the free navigation of the natural channels that lead to the seas. In the advocacy of this international principle for the freedom of commerce it was mainly instrumental in bringing about the abolition in 1857 of the dues levied by Denmark on vessels and cargoes passing from the North Sea into the Baltic. Mr. Clay, as Secretary of State, in his protest against these dues and exactions declared that "if a canal to unite the Pacific and Atlantic Oceans should ever be constructed the benefits of it ought not to be exclusively appropriated to any one nation, but should be extended to all parts of the globe upon the payment of a just compensation or reasonable tolls." This principle is embodied in the Hay-Pauncefote treaty for the neutralization of the Panama Canal. The free navigation of the St. Lawrence was secured for a limited period by the reciprocity treaty of 1854, and in perpetuity by the treaty of Washington in 1871. In accordance with the same principles the United States endeavored to secure the free navigation of the Amazon, which was in 1856 voluntarily granted to all nations by the Emperor of Brazil. By a treaty with Bolivia in 1858 the Amazon and the La Plata, with their tributaries, were declared to be "in accordance with fixed principles of international law * * * channels open by nature for the commerce of all nations."

In 1821 the Emperor Alexander, of Russia, issued a ukase prohibiting foreign vessels from approaching within one hundred Italian miles from the northwestern coast of America, beginning from Behring's Straits, to the fifty-first degree of north latitude. The Russian minister in Washington, in his note to our Government, made the additional claim of Russia's right of sovereignty over the whole of the northwestern continent of America above that line. These negotiations regarding

Russia's extraordinary claims aroused a great deal of bitterness and hostility throughout the country until they were finally adjusted by the convention of 1824. Madison, in writing to President Monroe in regard to the conclusion of this treaty, said: "The convention with Russia is a propitious event in substituting amicable adjustment for the risks of hostile collision. But I give the Emperor little credit for his consent to the principle of *mare liberum* in the North Pacific." These negotiations are of the highest interest to us historically from another point of view, as in them expression was given to the main principles, which soon came to be known as the Monroe Doctrine. A new Russian Minister, Baron de Tuyl, was sent over in the autumn of 1832. Mr. Adams wrote in his diary: "I find proof enough to put down the Russian government, but how shall we answer the Russian cannon?" He states a few days later the Russian Minister held a conversation with him, and desired to know what instructions he had sent to Mr. Middleton, our Minister at St. Petersburg. Mr. Adams says: "I told him specially that we should contest the right of Russia to *any* territorial establishment on this continent, and that we should assume distinctly the principle that the American continents are no longer subjects for *any* new European colonial establishments."*

When commerce was identified with piracy, and subsequently with the utter disregard of neutral rights, it was continually a source of irritation, and aggravated the militant spirit between nations, but with the growth of the modern industrial development and the extension of foreign trade, nations no longer found it profitable to be hostile to one another because of their prosperity. The commercial spirit, while it is competitive, is not a militant spirit, for in its final analysis foreign commerce rests upon mutuality, and a wealthy and prosperous nation is a much better customer than a poor nation. The commercial spirit, therefore, from enlightened self-interest favors the promotion of prosperity in other nations. The only apparent exception to this modern spirit of commerce is to be found in relation to trade with Oriental nations where there is a tendency on the part of the great powers to establish spheres of influence and to force special concessions and exclusive privileges, to the detriment of competing nations. America again has come to the forefront in insisting upon the "open door" in China and in other Oriental lands, and in the furtherance of which it has consistently refrained from and protested against the policy of some of the great powers who seek to advance their political influence in order to obtain exclusive rights for their commerce, or who seek to establish exclusive commercial rights to promote their political influence. The American policy which was so felicitously characterized by Secretary Hay as that of the "Monroe Doctrine and the Golden Rule," is an international policy of the highest equity and justice, and it should ever be our vigilant care that these two parallel purposes of our national policy in foreign affairs should not be so construed as to become incompatible in guarding our continental interests and our peaceful relations with the nations of the world. This will be the responsible task of American statesmanship requiring no less the highest wisdom than the calmness of patriotic restraint to guide aright our destinies in times of stress and popular excitement.

* *Memoirs of John Quincy Adams, Vol. VI, pp. 159-163.*

It is largely due to the vast extension of commercial intercourse between nations in our times, which rest upon reciprocity, that the standard of public morals has been lifted from the lower sphere of international expediency to the highest sphere of morality and law. As examples of this, may be cited the abolition of the slave trade, and the more recent efforts on the part of China, in concert with the leading powers, to prohibit the cultivation and trade in opium except for legitimate medical use. The standard of international morality yet continues to lag far behind the standard of commercial fair dealing within nations; the evidences of this are no more glaringly exhibited than in the exceptions in the laws of neutrality, which rest not on principle, but on legal casuistry. As the law now stands it is entirely lawful for the subjects of neutrals to supply belligerents with arms and ammunition, also by public subscription or otherwise to raise loans to aid belligerents when otherwise either or both belligerents would be prevented by economic necessities from either beginning, or, when begun, from prolonging a war. The Russo-Japanese war would certainly have come to an earlier end if neither belligerent could have borrowed money from the subjects of neutrals.

It requires no argument to prove such acts are against the fundamental principles of real neutrality, and when the standards of international morality advance a single step further, such contraband commerce and loans will no longer be considered lawful. No more practical work can be undertaken in the promotion of peace than to hasten the day when the laws of neutrality shall be made to square with the principles of impartiality, justice, and morality. (Applause.)

I doubt the wisdom of extending neutral rights. It is of much more importance to insist upon the extension of neutral *duties*. If war is made advantageous and profitable for neutral nations in time of war between belligerents they will not be so deeply interested in preventing war. Perhaps, too, the extension of freedom to commerce in case of war might not have the effect of lessening the causes of war. But I do feel that the extension of neutral duties will certainly enlarge the area as well as the elements that make for peace among nations. (Applause.)

It is a well-known fact that this idea of commercial policy argued on the ground of economic necessity in the work of Jean de Bloch was instrumental in inducing the Czar of Russia to call the first Hague Conference. But I can say this: After the first Hague Conference and the establishment of the permanent Court of Arbitration, all of my diplomatic colleagues with whom I spoke looked upon the results attained as a kind of pious wish that would never see the light of actual and concrete working. That was the general impression among the diplomatic representatives of nations. And I am also able to say that the putting of the wheels of the Hague Tribunal in motion was the greatest service that any man ever rendered the cause of international arbitration and peace. Let us not forget that when Mr. Roosevelt sent to the Hague Tribunal the first two cases which that tribunal was called upon to try, he established as a fact, as between nations, that arbitration had come to stay as part and parcel of effective international relations. (Applause.) We should not forget the advance of arbitration. It may be faulty, but it is well

worth our attention; and I thoroughly agree that no more important message can go out from this conference than the one that has been so explicitly and eloquently voiced by President Butler in his statement that in the conclusion of the treaty between the United States and Great Britain the people of this country will not be satisfied unless the treaty is made wholly inclusive, is wholly obligatory, and leaves no door open for evasion of its terms and conditions. (Applause.)

International Organization for Interracial Goodwill.

By Edwin D. Mead.

ADDRESS AT THE UNIVERSAL RACES CONGRESS, LONDON,
JULY 29.

The Lake Mohonk Conferences on International Arbitration were inaugurated in 1895, after there had been held at Lake Mohonk for several years previously annual conferences upon the duty of the American people to the Indians living within their borders. The first three Mohonk Arbitration Conferences were made memorable by powerful addresses by Rev. Edward Everett Hale, the nestor of the peace cause in America, as we liked to call him in his later years, demanding and prophesying a Permanent International Tribunal. By virtue of their grasp of the international situation, their foresight and their inspiration, these addresses were the most inspiring and most noteworthy which have been heard at Mohonk Arbitration Conferences during these seventeen years. Their central demand was that nations, well disposed as the best of them were to arbitration, generally speaking, should not leave provision for arbitration to times when some special dispute arose or some special danger pressed, then creating a special commission to deal with the particular case arising, but that the nations should cooperate to establish a Permanent International Tribunal, which should always be in existence and always ready to deal with every international difference. Cases should never wait for courts, said Dr. Hale, but courts should always be ready for cases, and this was in no field more imperative than in the international field, where there was no provision of the kind. It was foolish and criminal to leave to some acute crisis, when two contending peoples were inflamed and in hot blood over their disagreements, the preparation of machinery to dispose of the disagreements. No time is so propitious for such action. There should be a Permanent International Tribunal, of whose existence every nation would be conscious in the critical hour when there was need of the offices of arbitration. Its chief service, said Dr. Hale, would be in the fact that it existed, that every nation knew that it existed, and not to have recourse to it instead of to individual vengeance in the hour of conflict or dispute was dishonor. In a word, civilized nations in the family of nations must follow the same course in their disputes and differences which is followed by civilized men in individual nations. When Dr. Hale, in 1895, 1896, and 1897, thundered this demand reiteratedly at Lake Mohonk, he was told by learned and distinguished diplomats and jurists that it was a noble ideal, and one which in some fine but