The Russo-Japanese War, the Panama Canal, and the Mexican Revolution added to America’s military and economic power.

American involvement in conflicts around 1900 led to involvement in World War I and later to a peacekeeper role in today’s world.

Terms & Names
- Panama Canal
- Roosevelt Corollary
- dollar diplomacy
- Francisco “Pancho” Villa
- Emiliano Zapata
- John J. Pershing

Joseph Bucklin Bishop, a policy adviser to the canal’s chief engineer, played an important role in the building of the Panama Canal. As editor of the Canal Record, a weekly newspaper that provided Americans with updates on the project, Bishop described a frustrating problem that the workers encountered.

“*The Canal Zone was a land of the fantastic and the unexpected. No one could say when the sun went down what the condition of the Cut would be when [the sun] rose. For the work of months or even years might be blotted out by an avalanche of earth or the toppling over of a mountain of rock. It was a task to try men’s souls; but it was also one to kindle in them a joy of combat . . . and a faith in ultimate victory which no disaster could shake.*”

—quoted in *The Impossible Dream: The Building of the Panama Canal*

The building of the Panama Canal reflected America’s new role as a world power. As a technological accomplishment, the canal represented a confident nation’s refusal to let any physical obstacle stand in its way.

**Teddy Roosevelt and the World**

The assassination of William McKinley in 1901 thrust Vice-President Theodore Roosevelt into the role of a world leader. Roosevelt was unwilling to allow the imperial powers of Europe to control the world’s political and economic destiny. In 1905, building on the Open Door notes to increase American influence in East Asia, Roosevelt mediated a settlement in a war between Russia and Japan.
ROOSEVELT THE PEACEMAKER  In 1904, Tsar Nicholas II of Russia declared war on Japan, Russia’s neighbor in East Asia. Russia and Japan were both imperialist powers, and they were competing for control of Korea. The Japanese took the first action in the war with a surprise attack on the Russian Pacific fleet. To everyone’s surprise, Japan destroyed it. Japan then proceeded to destroy a second fleet sent as reinforcement. Japan also won a series of land battles, securing Korea and Manchuria.

As a result of these battles, Japan began to run out of men and money, a fact that it did not want to reveal to Russia. Instead, Japanese officials approached President Roosevelt in secret and asked him to mediate peace negotiations. Roosevelt agreed, and in 1905, Russian and Japanese delegates convened in Portsmouth, New Hampshire.

The first meeting took place on the presidential yacht. Roosevelt had a charming way of greeting people with a grasp of the hand, a broad grin, and a hearty “Dee-lighted.” Soon the opposing delegates began to relax and cordially shook hands.

The Japanese wanted Sakhalin Island, off the coast of Siberia, and a large sum of money from Russia. Russia refused. Roosevelt persuaded Japan to accept half the island and forgo the cash payment. In exchange, Russia agreed to let Japan take over Russian interests in Manchuria and Korea. The successful efforts in negotiating the Treaty of Portsmouth won Roosevelt the 1906 Nobel Peace Prize.

As U.S. and Japanese interests expanded in East Asia, the two nations continued diplomatic talks. In later agreements, they pledged to respect each other’s possessions and interests in East Asia and the Pacific.

PANAMA CANAL  By the time Roosevelt became president, many Americans, including Roosevelt, felt that the United States needed a canal cutting across Central America. Such a canal would greatly reduce travel time for commercial and military ships by providing a shortcut between the Atlantic and Pacific oceans. (See Geography Spotlight, page 572.) As early as 1850, the United States and Britain had agreed to share the rights to such a canal. In the Hay-Pauncefote Treaty of 1901, however, Britain gave the United States exclusive rights to build and control a canal through Central America.

Engineers identified two possible routes for the proposed canal. One, through Nicaragua, posed fewer obstacles because much of it crossed a large lake. The other route crossed through Panama (then a province of Colombia) and was shorter and filled with mountains and swamps. In the late 1800s, a French company had tried to build a canal in Panama. After ten years, the company gave up. It sent an agent, Philippe Bunau-Varilla, to Washington to convince the United States to buy its claim. In 1903, the president and Congress decided to use the Panama route and agreed to buy the French company’s route for $40 million.

Before beginning work on the Panama Canal, the United States had to get permission from Colombia, which then ruled Panama. When these negotiations broke down, Bunau-Varilla helped organize a Panamanian rebellion against Colombia. On November 3, 1903, nearly a dozen U.S. warships were present as Panama declared its independence. Fifteen days later, Panama and the United
States signed a treaty in which the United States agreed to pay Panama $10 million plus an annual rent of $250,000 for an area of land across Panama, called the Canal Zone. The payments were to begin in 1913.

CONSTRUCTING THE CANAL

Construction of the Panama Canal ranks as one of the world’s greatest engineering feats. Builders fought diseases, such as yellow fever and malaria, and soft volcanic soil that proved difficult to remove from where it lay. Work began in 1904 with the clearing of brush and draining of swamps. By 1913, the height of the construction, more than 43,400 workers were employed. Some had come from Italy and Spain; three-quarters were blacks from the British West Indies. More than 5,600 workers on the canal died from accidents or disease. The total cost to the United States was about $380 million.

On August 15, 1914, the canal opened for business, and more than 1,000 merchant ships passed through during its first year. U.S.-Latin American relations, however, had been damaged by American support of the rebellion in Panama. The resulting ill will lasted for decades, despite Congress’s paying Colombia $25 million in 1921 to compensate the country for its lost territory.
Analyzing

**THE ROOSEVELT COROLLARY**

Financial factors drew the United States further into Latin American affairs. In the late 19th century, many Latin American nations had borrowed huge sums from European banks to build railroads and develop industries. Roosevelt feared that if these nations defaulted on their loans, Europeans might intervene. He was determined to make the United States the predominant power in the Caribbean and Central America.

Roosevelt reminded European powers of the Monroe Doctrine, which had been issued in 1823 by President James Monroe. The Monroe Doctrine demanded that European countries stay out of the affairs of Latin American nations. Roosevelt based his Latin America policy on a West African proverb that said, "Speak softly and carry a big stick." In his December 1904 message to Congress, Roosevelt added the **Roosevelt Corollary** to the Monroe Doctrine. He warned that disorder in Latin America might "force the United States . . . to the exercise of an international police power." In effect, the corollary said that the United States would now use force to protect its economic interests in Latin America.

**DOLLAR DIPLOMACY**

During the next decade, the United States exercised its police power on several occasions. For example, when a 1911 rebellion in Nicaragua left the nation near bankruptcy, President William H. Taft, Roosevelt's successor, arranged for American bankers to loan Nicaragua enough money to pay its debts. In return, the bankers were given the right to recover their money by collecting Nicaragua's customs duties. The U.S. bankers also gained control of Nicaragua's state-owned railroad system and its national bank. When Nicaraguan citizens heard about this deal, they revolted against President Adolfo Díaz. To prop up...
Díaz’s government, some 2,000 marines were sent to Nicaragua. The revolt was put down, but some marine detachments remained in the country until 1933.

The Taft administration followed the policy of using the U.S. government to guarantee loans made to foreign countries by American businesspeople. This policy was called dollar diplomacy by its critics and was often used to justify keeping European powers out of the Caribbean.

Woodrow Wilson’s Missionary Diplomacy

The Monroe Doctrine, issued by President James Monroe in 1823, had warned other nations against expanding their influence in Latin America. The Roosevelt Corollary asserted, in 1904, that the United States had a right to exercise international police power in the Western Hemisphere. In 1913, President Woodrow Wilson gave the Monroe Doctrine a moral tone.

According to Wilson’s “missionary diplomacy,” the United States had a moral responsibility to deny recognition to any Latin American government it viewed as oppressive, undemocratic, or hostile to U.S. interests. Prior to this policy, the United States recognized any government that controlled a nation, regardless of that nation’s policies or how it had come to power. Wilson’s policy pressured nations in the Western Hemisphere to establish democratic governments. Almost immediately, the Mexican Revolution put Wilson’s policy to the test.

THE MEXICAN REVOLUTION

Mexico had been ruled for more than three decades by a military dictator, Porfirio Díaz. A friend of the United States, Díaz had long encouraged foreign investments in his country. As a result, foreigners, mostly Americans, owned a large share of Mexican oil wells, mines, railroads, and ranches. While foreign investors and some Mexican landowners and politicians had grown rich, the common people of the country were desperately poor.

In 1911, Mexican peasants and workers led by Francisco Madero overthrew Díaz. Madero promised democratic reforms, but he proved unable to satisfy the conflicting demands of landowners, peasants, factory workers, and the urban middle class. After two years, General Victoriano Huerta took over the government. Within days Madero was murdered. Wilson refused to recognize the government that Huerta formed. He called it “a government of butchers.”

INTERVENTION IN MEXICO

Wilson adopted a plan of “watchful waiting,” looking for an opportunity to act against Huerta. The opportunity came in April 1914, when one of Huerta’s officers arrested a small group of American sailors in Tampico, on Mexico’s eastern shore. The Mexicans quickly released them and apologized, but Wilson used the incident as an excuse to intervene in Mexico and ordered U.S. Marines to occupy Veracruz, an important Mexican port. Eighteen Americans and at least 200 Mexicans died during the invasion.

The incident brought the United States and Mexico close to war. Argentina, Brazil, and Chile stepped in to mediate the conflict. They proposed that Huerta step down and that U.S. troops withdraw without paying Mexico for damages. Mexico rejected the plan, and Wilson refused to recognize a government that had come to power as a result of violence. The Huerta regime soon collapsed, however, and Venustiano Carranza, a nationalist leader, became president in 1915. Wilson withdrew the troops and formally recognized the Carranza government.
Carranza was in charge, but like others before him, he did not have the support of all Mexicans. Rebels under the leadership of Francisco “Pancho” Villa (vē’š-) and Emiliano Zapata (ē-mēl’yā’nō 2-pā’ta) opposed Carranza’s provisional government. Zapata—son of a mestizo peasant—was dedicated to land reform. “It is better to die on your feet than live on your knees,” Zapata told the peasants who joined him. Villa, a fierce nationalist, had frequently courted the support and aid of the United States.

Despite Villa’s talk of friendship, when President Wilson recognized Carranza’s government, Villa threatened reprisals against the United States. In January 1916, Carranza invited American engineers to operate mines in northern Mexico. Before they reached the mines, however, Villa’s men took the Americans off a train and shot them. Two months later, some of Villa’s followers raided Columbus, New Mexico, and killed 17 Americans. Americans held Villa responsible.

With the American public demanding revenge, President Wilson ordered Brigadier General John J. Pershing and an expeditionary force of about 15,000 soldiers into Mexico to capture Villa dead or alive. For almost a year, Villa eluded Pershing’s forces. Wilson then called out 150,000 National Guardsmen and stationed them along the Mexican border. In the meantime,
Mexicans grew angrier over the U.S. invasion of their land. In June 1916, U.S. troops clashed with Carranza’s army, resulting in deaths on both sides.

Carranza demanded the withdrawal of U.S. troops, but Wilson refused. War seemed imminent. However, in the end, both sides backed down. The United States, facing war in Europe, needed peace on its southern border. In February 1917, Wilson ordered Pershing to return home. Later that year, Mexico adopted a constitution that gave the government control of the nation’s oil and mineral resources and placed strict regulations on foreign investors.

Although Carranza had called for the constitution of 1917, he failed to carry out its measures. Instead, he ruled oppressively until 1920 when a moderate named Alvaro Obregón came to power. Obregón’s presidency marked the end of civil war and the beginning of reform.

U.S. intervention in Mexican affairs provided a clear model of American imperialist attitudes in the early years of the 20th century. Americans believed in the superiority of free-enterprise democracy, and the American government attempted to extend the reach of this economic and political system, even through armed intervention.

The United States pursued and achieved several foreign policy goals in the early 20th century. First, it expanded its access to foreign markets in order to ensure the continued growth of the domestic economy. Second, the United States built a modern navy to protect its interests abroad. Third, the United States exercised its international police power to ensure dominance in Latin America.

Using American Power

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<thead>
<tr>
<th>Roosevelt</th>
<th>Wilson</th>
</tr>
</thead>
<tbody>
<tr>
<td>Panama Canal</td>
<td>dollar diplomacy</td>
</tr>
<tr>
<td>Roosevelt Corollary</td>
<td>Emiliano Zapata</td>
</tr>
<tr>
<td>Francisco “Pancho” Villa</td>
<td>John J. Pershing</td>
</tr>
</tbody>
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Choose one example and discuss its impact with your classmates.

1. TERMS & NAMES For each term or name below, write a sentence explaining its significance.

2. TAKING NOTES In a two-column chart, list ways Teddy Roosevelt and Woodrow Wilson used American power around the world during their presidencies.

3. COMPARING AND CONTRASTING What do you think were the similarities and differences between Roosevelt’s Big Stick policy and Wilson’s missionary diplomacy? Use evidence from the text to support your response. Think About:

4. EVALUATING DECISIONS In your opinion, should the United States have become involved in the affairs of Colombia, Nicaragua, and Mexico during the early 1900s? Support your answer with details. Think About:

Think About:

- the effect of the Roosevelt Corollary
- the results of dollar diplomacy
- the implication of Wilson’s missionary diplomacy