

The History of the Twentieth Century

Episode 97

“The Banana Wars I”

Transcript

[music: Fanfare]

In the late nineteenth century, American shipping companies discovered there was a lucrative market for bananas in the United States, one that could be met by imports from nearby Central America.

It was the era of the trusts, and American business brought its trusty methods to Central America, meaning huge corporations with enough economic clout to make or break workers, landowners, even governments in the region, and even to sway US foreign policy.

Welcome to *The History of the Twentieth Century*.

[music: Opening War Theme]

Episode 97. The Banana Wars, part one.

All the way back in episode 21, we saw the United States government under Theodore Roosevelt take over the ill-fated French project to build a canal across Central America in 1904, and spark a revolution that led to an independent Panama after the Colombian Senate proved unwilling to ratify a canal treaty with the United States.

Ten years later, on August 15, 1914, at the same time General Joffre was preparing his counteroffensive against Germany in the early weeks of the Great War, the Panama Canal finally opened. It had been a monumental project, the largest construction project ever undertaken by the US government, and an engineering marvel. Hundreds of thousands of workers, mostly black West Indians, migrated to Panama to work on the project, and their descendants, known today as Afro-Panamanians, remain a significant ethnic minority in Panama.

The canal was a boon for commercial shipping, as it eliminated the need for a long voyage around South America, much as the Suez Canal had eliminated the need for a long voyage around Africa. Ports along the coast of South America, especially in Chile and Argentina, began feeling the pinch almost immediately as merchant ships began taking advantage of the new shortcut.

Meanwhile, the expansion of the US Navy had continued, and by 1914 it ranked third, behind the Royal Navy and the Imperial German Navy. The canal was a vital component of the American naval buildup, as it made possible the relatively quick transfer of warships between America's two coasts. That made the canal a crucial American strategic asset.

The 1903 treaty between Panama and the United States gave the US broad rights to control, administer, and defend the canal. And the US exercised rights that went beyond even the letter of the treaty. US law was enforced in the Panama Canal Zone by US courts. The US had a substantial military presence, and the borders of the Zone were patrolled virtually as international borders. Only employees of the canal or of the US government were permitted to live in the Zone, and the appointed Governor of the Zone was always a US Army general.

All this created resentment in Panama, since it looked very much to the Panamanians as if the US was claiming sovereignty over the Zone, something the treaty very emphatically did *not* grant. Also, Panamanian business and trade was not welcome in the Zone, which was mostly supplied with goods from the US. And I already said that canal workers were mostly imported from the West Indies. These jobs did not pay well by US standards, but they were well paying by Panamanian standards, and the fact that these jobs were going to foreigners and not to native Panamanians was another source of discontent. It seemed that Panama wasn't getting very much in return for hosting the canal, apart from some modest rent payments, and relations between these two countries would become strained. The canal treaty would be renegotiated in the 1970s, but I guess we'll save that for a future episode.

By the way, the reason why American managers preferred to hire West Indian workers had partly to do with the fact that the West Indian workers spoke English, and partly to do with the awful stereotypes of the period that held that the black West Indian workers were stronger, harder working, more resistant to tropical diseases, and more compliant than native Panamanians, who were seen as not so hard working and more difficult to manage.

Anyway, it's fair to say that the Canal Zone was virtually a colony within Panama, a nation that was virtually a protectorate of the United States. Cuba, as we saw in episode 21, is also a virtual protectorate of the United States, with treaty provisions giving the US advance permission to intervene militarily in Cuba. And then there's the island of Puerto Rico, which you'll recall the US had acquired as a result of the Spanish-American War. We haven't checked in on Puerto Rico since then. I'll just note that in 1900, Congress enacted the Foraker Act, which gave Puerto Rico a civilian government with an elected House of Delegates and an Executive Council appointed by the President of the United States, an arrangement similar to what had been laid out for the Philippines.

The Foraker Act was called that because it was sponsored by Ohio Senator Joseph Foraker, who has been making brief cameo appearances in this podcast ever since back in episode 3, when he lobbied President McKinley to appoint one of his supporters US consul in Manila, forcing

McKinley to admit he didn't know exactly where Manila was. And here he is again. Foraker, I mean. Not McKinley. Who knows? We may run into him again.

Anyway, in 1914, this Puerto Rican House of Delegates voted to declare independence from the United States, which gives you an idea of how well things are going. The US Congress exercised its powers under the Foraker Act to annul the declaration.

And so, in the early twentieth century, the United States is a rising Great Power with substantial territorial and security interests—not to mention military bases—in Panama, Cuba, and Puerto Rico. The US also has important economic interests across Central America and the Caribbean. How long do you suppose it's going to take before the US begins using military force in the region to preserve and protect those economic and security interests? If you guessed, “not very long,” then congratulations. You are correct.

We've already looked at the turbulent situation in Mexico, including US military intervention, back in episode 94. For today, I want to zoom in on Central America, the nations between Mexico and Panama.

When I talked about the history of Mexico back in episode 55, I mentioned that everything north of Panama was governed as part of the Viceroyalty of New Spain, during the latter days of the Spanish Empire in the New World. Central America declared independence in 1821, was briefly annexed by the Mexican Empire, but achieved full independence by 1823 as the Federal Republic of Central America. The flag of the Federal Republic was based on a design of a white stripe between two blue stripes, representing Central America as a strip of land between the Atlantic and Pacific Oceans.

But the Federal Republic proved too unwieldy. Communication and transportation links across Central America were rudimentary at best and the people of the region lacked a shared sense of identity. As a result, the Federal Republic pretty much disintegrated, and the five Central American states, Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica became discrete independent nations. As a sign of their shared heritage, the flags of all five of these nations retain some form of the design of blue, white, and blue stripes of the flag of the Federal Republic.

Costa Rica was in colonial times a remote and sparsely populated region, a neglected corner of the Viceroyalty of New Spain, as its neighbor Panama had been a neglected corner of the Viceroyalty of New Granada. Because the indigenous population there was small, settlers from Spain mostly had to work their own small farms. Slave laborers were not available in the numbers needed to create huge estates. As a result, Costa Rica avoided the problem of small numbers of elite landowners controlling most of the arable land, a problem that plagued other Spanish colonial possessions in Latin America and in the Philippines. And because their land was so remote, Costa Rica was able to successfully declare its independence, first from Spain, then from Mexico, then from the Federal Republic, without resort to armed rebellion.

This history of many small landowners and independence achieved without bloodshed probably accounts for Costa Rica's remarkable and laudable history as a peaceful and egalitarian society, one that has avoided the political and economic instabilities of its neighbors.

The production and consumption of coffee grew dramatically in the 19th century, which we've already talked about a little bit. Latin American nations were the principal producers of coffee by the early twentieth century, particularly Brazil, which alone accounted for 70% of world coffee production. In most coffee-producing countries, coffee was grown on large plantations owned by the usual suspects: wealthy landowners of European ancestry, and the actual labor was done by poorly treated and badly paid workers of Native American or African ancestry.

But here again, Costa Rica stands out. Coffee became the major cash crop of Costa Rica. The combination of tropical climate and rugged terrain makes coffee an ideal crop. But in Costa Rica, the growers were mostly small landowners who worked their own lands. But Costa Rican farmers weren't getting good prices, again because of the country's remoteness from its markets, and the lack of railroads and other economical transportation to ship its coffee to buyers.

On the other hand, this may have saved Costa Rica from the concentration of economic power into the hands of a very few wealthy families that afflicted her neighbors, as we shall see.

El Salvador, by contrast, had a substantial indigenous population who resisted Spanish rule. The Spanish went ahead and ruled anyway, and most of the valuable coastal lands of the country ended up owned by *las catorce familias*, The Fourteen Families as they are known, while the less desirable lands in the hills were left to the indigenous people for subsistence farming. During the colonial period and in the early days of independence, the plantations of El Salvador were dedicated to a single cash crop: indigo, a dye extracted from certain plants that at the time was sometimes called "blue gold."

But in the nineteenth century, indigo production increased in other parts of the world, notably India, and by the end of the century, German chemical companies were developing synthetic dyes that could replace indigo. With the market for their indigo disappearing, Salvadoran landowners turned to other crops, like sugar cane and cotton, and especially coffee. But coffee likes to grow up in the mountains, where the indigenous people are doing their subsistence farming thing. Hey, no problem. New laws were passed, the indigenous people displaced, and the landowners now owned more land than ever, and this small group of families have controlled the Salvadoran economy ever since.

In the seventeenth and eighteenth centuries, English buccaneers were at large in the Caribbean, often preying upon Spanish shipping. Some of these buccaneers used harbors on the Caribbean coast of Central America. Central America offered isolated tropical locations only accessible by sea that the Spanish mostly weren't bothering with. One such location lay at the mouth of the Belize River on the Yucatán Peninsula where stood a Mayan town. These British buccaneers made use of the location as a safe harbor, but soon discovered there was valuable lumber to be

harvested inland, including mahogany, which is just plain awesome, and logwood, a wood in demand at the time as another source of dyes. Some of the English buccaneers decided it was safer and more lucrative to give up buccaneering and go into the lumber trade instead.

They didn't get their own hands dirty cutting down trees, of course. They imported Native American and African slaves from the West Indies to cut down the trees, and the river made it easy to transport the logs to what became known as Belize Town. At the conclusion of the Seven Years' War—the war known to us Americans as the “French and Indian War”—France, Spain, and Great Britain agreed to the Treaty of Paris, which resolved a number of territorial disputes, most notably by forcing the French to transfer French Canada to the British. One of the provisions acknowledged British logging rights along the Belize River and permitted the British to keep the settlement at Belize Town. In 1862, Britain made a formal claim to the territory around Belize Town and organized it as “British Honduras.”

By the early twentieth century, British Honduras is mostly exporting mahogany, and most of that is heading to the United States. As a result of its unique history, the population there is an eclectic patchwork of people of African, Native American, European, and even Asian ancestry, with people of African ancestry forming the plurality.

The creation of British Honduras was objected to by the United States, which felt it violated treaty agreements between the British and the US. Mexico objected even more strenuously, and neighboring Guatemala objected most vehemently of all, but in the nineteenth century, no one tells the British Empire what to do.

So that leaves three Central American countries to go: Guatemala, Honduras, and Nicaragua. But before I talk about them, first I need to talk about bananas.

[music: Carnaval Grand Parade]

Bananas are a starchy elongated tropical fruit with a leathery yellow skin. They are native to Southeast Asia and the East Indies, and the people who live there have been cultivating them for thousands of years. Banana cultivation gradually spread westward in historical times, and it reached the Middle East by the dawn of Islam. Afterward, Islam and banana cultivation traveled westward together and by the 12th century, they had gotten as far as Spain, Morocco, and West Africa. The Portuguese introduced banana cultivation to the New World in the sixteenth century.

Bananas are my favorite fruit, which makes me a typical American (at least in that respect.) They're healthy, they're nutritious, they're neat. You don't have to wash them; you don't need utensils. What could be better? Bananas are the most popular fruit in the United States, and if you stop and think about that for a minute, that's pretty strange. There is hardly any domestic banana cultivation in this country. So why are bananas more popular than domestically produced fruit? There are historical reasons this. Hah, there are historical reasons for everything, am I right?

You see, bananas first became popular in the United States after the Civil War. That was when American shipping companies first discovered they could buy a boatload of bananas in nearby Central America or Colombia or Ecuador, ship them to a US port, and sell them for a phenomenal markup, as much as ten times the purchase price. The innovations of steam powered ships and refrigeration have something to do with this. And even with that phenomenal markup, the retail price of bananas in the US would be substantially lower than homegrown fruit, like apples or grapes or peaches or pears. In 1914, for the price of one apple, an American consumer could buy six bananas.

As a result, Americans embraced bananas as an economical and appealing snack. A side effect of this was that sidewalks in large American cities, especially port cities, became littered with discarded banana peels. People were very messy back then, and discarding things on the sidewalk was not considered a no-no the way it is today. Banana peels contain polysaccharide gels which they exude under pressure, and these gels make a pretty good lubricant. The practical effect is that banana peels are slippery when you step on them, and by the early twentieth century, the unwary pedestrian slipping on a banana peel and falling down became a staple gag in American comedy.

Banana cultivation is capital intensive and requires specialized knowledge. It's ideal for the plantations of the landed elites of Central America, and many of them converted their land into banana plantations. They hired poor, landless underclass workers to do the labor, and sold the fruit to the American shipping companies. Since you want to ship bananas fast, you'll want railroads and highways to bring them to the ports and state-of-the-art facilities to load them onto ships as quickly and gently as possible for transport to the USA. In the United States, three large multinational corporations emerged that dominated the banana trade. These were the Cuyamel Fruit Company, the Standard Fruit Company, and the United Fruit Company. American dollars flowed through these corporations into investment in the Central American elites and their lands. These companies were vertically integrated in a way typical of US business and familiar to you if you've listened to the episodes about trusts. They sought to own or control the plantations as well as the railroads and the ships that brought the bananas to market.

All of this economic clout in the hands of so few people in such small countries inevitably distorted the political and economic landscapes there, particularly in the three countries I haven't talked about yet, Guatemala, Honduras, and Nicaragua. You'll recall I mentioned back in episode 43 that in 1904 the American writer William Sydney Porter, who wrote short stories under the pen name O. Henry, coined the term "banana republic" to describe a fictional small nation heavily dependent on the banana trade.

Guatemala is one such country. The history of Guatemala since independence comes down to a series of military strongmen running the country, some Liberals and some Conservatives. Liberal versus Conservative was the great political debate of the era in Central America, as it was in many European countries, as we have seen, but with so much power in the hands of large

landowners, “Liberals” and “Conservatives” are more political clubs for the national elites than they are broad-based political movements. To the extent the labels meant anything at all in Central America, the “Conservatives” were more likely to be nationalists and favor granting the Catholic Church a privileged position in the nation, while the “Liberals” were more likely to favor a secular state and be more open to allowing foreign business and investment.

During the early part of the twentieth century, the President of Guatemala was Manuel José Estrada Cabrera. He was actually a lawyer, and the first civilian to hold the position in fifty years. As a quote-unquote Liberal, he supported economic development and welcomed foreign investment. In practice, that meant opening up the country to the United Fruit Company, granting it lots of favored status like tax exemptions, and grants, and control of the railroads, and then parlayed the political and financial support of United Fruit into crackdowns on his political opponents and brutal violence against ordinary Guatemalans—mostly indigenous people—when they had the temerity to complain about the low wages and horrible working conditions on the banana plantations that were springing up in the east of the country, along the Atlantic coast.

And this would be the template for Guatemala for most of the twentieth century. The nation would be run by a brutal strongman, with the support of United Fruit and the blessings of the US government.

The situation was similar in Honduras, except that in Honduras the banana plantations are in the north of the country. Honduras also lacks Guatemala’s tradition of military strongmen. The sparsely populated country frequently saw political violence and instability, with political power shifting frequently between Liberal and Conservative elites, mostly by violence and often with interference from Honduras’s neighbors: El Salvador, Guatemala, and Nicaragua. All this instability tended to keep Honduras backward and underdeveloped.

In 1894, the 36-year old Liberal activist Policarpo Bonilla overthrew a military dictatorship with support from the leader of Nicaragua, José Santos Zelaya—we’ll get back to *him* in a minute—and took control of the government. Bonilla, who has been called “the conscience of Honduras,” implemented a new constitution for the country in 1895, and was elected to a four-year term as President. During his term of office, he reformed the country’s laws and government institutions, and when his term expired in 1899, he peacefully surrendered his office, an event virtually without precedent in Honduran history. At the beginning of the twentieth century therefore, it was possible to hope that Honduras had turned over a new leaf, and that her future was looking bright.

But by then, the banana companies had arrived. Bonilla’s successor attempted to remain in office after his own term had expired, with the support of the banana companies. It didn’t work, and he was replaced by the Conservative General Manuel Bonilla. Don’t confuse him with Policarpo Bonilla. They are not related and they are of opposite political persuasions, not to mention that Manuel Bonilla threw Policarpo Bonilla into prison.

This Bonilla gave the banana companies the usual sweetheart deals: the right to build roads and railroads, tax exemptions and such. On the plus side, under Bonilla, Honduras settled its boundary dispute with Nicaragua. The boundaries between all these countries were unclear and in dispute, but at least this one got settled in 1906, with an assist from the King of Spain, Alfonso XIII, who mediated the dispute and eventually decided in Honduras's favor.

That same year, Guatemala invaded Honduras over *their* boundary dispute. This ended better than you might expect, though, with Guatemala, El Salvador, and Honduras coming to an amicable agreement settling their outstanding border issues.

But if you're thinking, "That sounded too good to be true," yeah, keep listening. The leader of Nicaragua, José Santos Zelaya, there's that name again, decided that the three-way peace agreement among his neighbors to the north meant they were now ganging up on him, so he invaded Honduras in 1907. It may also be that he was also unhappy with the Spanish King's arbitration decision.

But let me hit the pause button on this developing conflict for a few minutes, because first we need to talk about Nicaragua.

[music: Carnaval Grand Parade]

The story of Nicaragua begins similarly, with a small country controlled by landowning elites who grouped themselves into Liberal and Conservative factions. The Conservative faction was based in the town of Granada, the oldest European settlement in the country, while the Liberal faction was based in the town of León, the second oldest settlement in the country. This geographical divide led to Managua being chosen as the capital of Nicaragua, on the strength of it not being Granada or León, but by the 1850s, the two factions were involved in a civil war.

And into the story at this point comes William Walker, a North American we might today call an adventurer or soldier of fortune; at the time men like him were called "filibusters." Walker was born in Nashville in 1824. He graduated from the University of Nashville at the age of 14 and earned a medical degree from the University of Pennsylvania, my alma mater, at the age of 19. At the age of 25, he moved to California as the gold rush there was under way. It was the age of "manifest destiny," and he got the idea of leading US Americans to settle and conquer regions of Latin America, regions which might be set up as independent nations at first, and eventually join the United States, following the example of Texas.

His first attempt was in Mexico. He asked the Mexican government for permission to set up a North American settlement in Mexican territory. The Mexican government, however, remembered the example of Texas just as well as William Walker did and responded with a hearty, "Hell, no!" Walker went ahead and tried it anyway. He led 45 followers into Baja California and declared it an independent state and legalized slavery, which had been outlawed in Mexico since 1821. He had hoped wealthy North American slave owners would follow his

lead and move there, bring their slaves, and recreate American living. Or Southern American living, anyway. It didn't work out, and the Mexican government eventually evicted him, and when he returned to the US, he was prosecuted for violating the 1794 Neutrality Act. But a lot of Americans, particularly in the South, regarded him as a hero and his jury refused to convict him.

This was before the Panama Canal. This was before the US Transcontinental Railroad. Before the Panama railroad. In the 1850s, the easiest way for people in the eastern United States to reach California and get a piece of that Gold Rush action was by crossing Nicaragua. The US shipping magnate Cornelius Vanderbilt had set up a transit company that could take you by ship to the east coast of Nicaragua. There you would transfer to a steamboat that would take you upriver to Lake Nicaragua. There you could travel by stagecoach down the narrow isthmus that separates the lake from the Pacific Ocean. When you reached the west coast of Nicaragua, you boarded another ship bound for California. In those days, it was the cheapest and the quickest way to get to California, and it made Cornelius Vanderbilt rich. I should probably say *richer*.

I mention all this because William Walker's next target was Nicaragua. Liberals in Nicaragua were at this time taking up arms against the Conservatives and were foolish enough to invite William Walker to join their cause. He arrived in the country in 1855 with fifty or so followers and support from North American investors who were hoping Walker would take Cornelius Vanderbilt's concession to run the transit company away from him and give it to them.

It looked at first as if Walker's adventure in Nicaragua was destined for the same ignominious end as his adventure in Baja California. But then, the sudden death of the Liberals' commander left Walker in charge of their entire force. He seized a Vanderbilt steamer and used it to take troops around the Conservatives' position and captured their home city of Granada, taking the families of Conservative leaders hostage and forcing them to submit.

Walker installed a Nicaraguan figurehead as President and took away Vanderbilt's concession to give to his backers and urged the new transit company to ship more North Americans to Nicaragua to consolidate his hold on the country. It all became too much even for his puppet President, who eventually denounced Walker and fled the country. The other Central American countries began raising troops to invade Nicaragua and oust the North Americans.

In July 1856, Walker staged a show election that supposedly made *him* President of Nicaragua. He declared English the official language of the country, legalized slavery, which had been outlawed in Nicaragua since 1821, when it was still part of Mexico.

With Central American troops entering the country, Walker fell back to the transit route, the key source of income and recruits for his little project. When he left Granada, he ordered the town burned to the ground.

Meanwhile, Cornelius Vanderbilt sent \$40,000 in gold to Costa Rica, essentially funding that country's invasion of Nicaragua. He also sent an agent who had worked the transit line and knew

his way around. With the agent's help, the Costa Rican force was able to surprise Walker's men and take control of the transit line. Walker's adventure collapsed in May 1857. He would try one more time, and end up in front of a Honduran firing squad in 1860.

Well, it isn't hard to guess the effects this special history had on Nicaragua. The Nicaraguans became suspicious of North American transit companies. That, plus the outbreak of the Civil War in the United States pretty much meant the end of US transit companies operating in Nicaragua. The overthrow of Walker was celebrated as a huge victory, not only in Nicaragua, but across Central America. And the Liberals had thoroughly discredited themselves by inviting Walker into the country in the first place, resulting in a long period of unchallenged Conservative rule.

That ended in 1893, when the Liberal José Santos Zelaya took control of the country. Under Zelaya, Nicaragua was reasonably stable. Its large foreign debt was kept under control, and foreign investment was welcomed. Zelaya's government was also deeply corrupt, with kickbacks making the President and his supporters very wealthy. It wasn't bananas in Nicaragua; it was coffee. But it led to the same problem of capital intensive production of coffee for export, with capital from the US controlling a large share of the economy.

Zelaya was also ambitious. As we've seen, he supported fellow Liberal Policarpo Bonilla during the latter's effort to become President of Honduras. Zelaya in fact had ambitions of reuniting the Central American states into a new Federal Republic, under his rule, of course.

Great Britain had an interest in the Atlantic coast of Nicaragua, which, like its interest in British Honduras, derived from the buccaneer days. There was a strip of territory about forty miles wide along virtually the entire east coast of Nicaragua, which was known as the Mosquito Coast, after the indigenous people of the region, who call themselves Miskito. The name has nothing to do with those horrible insects that ruin your picnics, camping trips, and summer evenings generally. The similarity of names is just a coincidence.

You'll recall from episode 21 that the British were contemplating a Central American canal in the mid-19th century, and this British presence in Nicaragua was valuable as a potential foothold, a first step toward a British canal across Nicaragua. But after the Clayton-Bulwer Treaty with the US, in which both nations agreed not to acquire territory in Central America or build a canal unless the canal was open to ships of all nations, the Mosquito Coast became less important to the British, who were more focused on British Honduras.

And so the British struck a deal with Nicaragua, a deal arbitrated by our old friend, the Austrian Emperor Franz Josef, under which the British conceded Nicaragua's underlying sovereignty over the region, but established an autonomous Mosquito Coast. After Zelaya took control of Nicaragua, he sent in troops to take control of the Mosquito Coast in 1894. British and American forces briefly intervened, but Zelaya had his way in the end, and this enhanced his popularity.

But the Americans, as you'll recall, dropped their plans to build a Nicaraguan canal in favor of a Panamanian canal. Partly as a way of tweaking the Americans and the British, Zelaya approached the Germans about building a canal through Nicaragua. Nothing came of it, but it further boosted Zelaya's reputation in the region as the one Central American ruler willing to stand up to the Great Powers. There's a story told that when a Peruvian national threatened to complain to his government about his treatment in Nicaragua, Zelaya told him "When I ridicule the United States, laugh at Germany, and spit on England, what do you suppose I care for your beggarly little Peru?"

As it turns out, though, you can be a kleptocratic dictator and Washington is perfectly willing to do business with you, but you'd better not be a kleptocratic dictator who goes around poking the United States government in the eye and then bragging about it afterwards, because you just bought yourself a world of pain.

And that brings us back to where I hit the pause button a few minutes ago, when I mentioned the 1907 Nicaraguan invasion of Honduras, which may have had something to do with Nicaraguan unhappiness with the resolution of their border dispute, something to do with the three-way agreement of 1906 among Honduras, El Salvador, and Guatemala, which may have left Zelaya feeling ignored, and surely had something to do with Zelaya wanting to install a friendlier regime in Honduras. The fighting was bloody, notable for the Nicaraguans using machine guns, a first in the region. US marines landed at Puerto Cortés, a move meant to send the message that no one better mess with US banana interests. After the Honduran capital, Tegucigalpa, fell to the invaders, Manuel Bonilla fled to the safety of the gunboat USS *Chicago*, which led to the US brokering a peace agreement, under which Bonilla would be replaced by a Liberal, Miguel Dávila.

It didn't take long for Zelaya to decide he didn't like Dávila very much either, and he put out feelers to El Salvador about another invasion of Honduras. When the US government found out about this, it and the Mexican government organized a peace conference for the leaders of all five Central American nations, which led to a peace agreement under which the five countries agreed to settle their disputes peacefully, before a Permanent Central American Court of Justice, as well as agreeing not to grant sanctuary to exiles plotting the overthrow of each other's governments. The US government still didn't trust Zelaya, and began stationing gunboats off the coast of Nicaragua, in the name of protecting American interests.

By 1909, the US had gone from President McKinley to Roosevelt, and now Taft, while Zelaya was still in charge in Nicaragua. But there was unrest. Liberals in the eastern part of the country, where American influence was greatest, made common cause with disgruntled Conservatives to back a revolt intended to replace Zelaya with the Liberal General Juan Estrada, governor of what used to be the Mosquito Coast. The capital was the port town of Bluefields, on the Atlantic Coast, and you can tell from its name that its history begins as a British buccaneer hideout.

The rebels sought support from the US government and didn't get it, although private North American money helped fund the rebels, and a few US citizens signed on as mercenaries. Estrada's rebellion began in November 1909. Forces loyal to Zelaya had little trouble putting the rebellion down until Zelaya made a career-ending mistake: he ordered the execution of two captured North American mercenaries.

Although these US mercenaries were violating US law, the US took the position that they were entitled to prisoner-of-war status and broke diplomatic relations with Nicaragua. By this time, the United States was building the Panama Canal, and there were hundreds of US Marines in the Canal Zone who could be quickly and easily deployed to either the Atlantic or Pacific coasts of Nicaragua. These Marines were at the time under the command of Marine Corps Major Smedley Butler, a name we'll probably be hearing again.

Only, the US government lacked a legal justification for deploying Marines to Nicaragua. The Secretary of State, Philander Knox, complained to President Taft that the US had provisions in its agreements with Cuba and Panama that allowed for US military intervention when her interests were threatened there, but lacked a similar provision with Nicaragua. The US settled on a demand for substantial punitive damages for the execution of its citizens, which, under the international norms of the time, as we have already seen, would allow the US to land troops and take control of Nicaraguan customs houses and collect the damages itself. But the US government took the position it was willing to refrain from taking those measures...provided Zelaya resign.

With US Navy cruisers and gunboats laden with US Marines now off both Nicaraguan coasts, Zelaya was trapped at last. He resigned on December 14, 1909, and fled to Mexico. His hand-picked successor, José Madriz, was regarded with suspicion in Washington. The US refused to re-establish diplomatic relations and kept the ships in place, insisting that Madriz prove his good faith by paying reparations.

Meanwhile, the political turmoil in Managua breathed new life into the rebellion. In May, the Marines landed at Bluefields, the home of the Estrada rebellion, making it impossible for the Madriz government to crush the rebellion. By August, Estrada was President of Nicaragua, with Washington's blessing, and with an agreement that compensation would be paid to Americans for economic losses during the civil war, and the US taking over the collection of tariffs at Nicaraguan customs houses.

Estrada was a Liberal in charge of a largely Conservative government, which isn't the most stable of arrangements, not to mention his Presidency carried the stigma of having been installed by the United States. The military forced him to resign in favor of the Conservative Vice-President, Adolfo Díaz on May 9, 1911, less than nine months into his Presidency.

The Díaz administration followed a similar trajectory. He needed US support to stay in office, but US support undermined his support in Nicaragua. Violent revolt broke out in July 1912. It

took over 2,000 US Marines, with support from a number of ships, but by Christmas, the rebels were defeated. Most of the Marines were withdrawn, but a contingent of 100 would remain in Managua until 1932. These were theoretically embassy guards; in fact, they were a tripwire. Any violence against the US-installed government would now necessarily involve attacking US Marines, and therefore drawing the US into the conflict.

Philander Knox had gotten his way at last. Of course, by this time, he wasn't Secretary of State anymore. That would be William Jennings Bryan, representing the new Wilson administration. A treaty was negotiated, the Bryan-Chamorro Treaty, signed on August 5, 1914, the same day the Germans were beginning their assaults against Liège in Belgium.

The Bryan-Chamorro Treaty included a provision similar to the Platt Amendment for Cuba, allowing US military intervention into Nicaragua in defense of American interests. But the US Senate objected to that provision, and it would only ratify the treaty after it was removed in 1916.

The treaty also gave the US exclusive rights to build a canal across Nicaragua, as well as rights to military bases on the Atlantic and Pacific coasts of Nicaragua. In exchange, the US paid Nicaragua US\$3,000,000, although that money did not directly go to the Nicaraguan government; it went to Nicaragua's American creditors in payment of debts, including claims for property damage from the fighting.

With the signing of this treaty, Nicaragua joined Cuba and Panama as countries that were protectorates of the United States in all but name. You might also want to add Guatemala to this list as a country that was a sort of voluntary US protectorate.

We'll have to stop there for today. Thanks for listening. Thank you to Marguerite for making a donation to the podcast, and thank you to Frode for becoming a patron of the podcast. If you'd like to become a patron, go to the website, historyofthetwentiethcentury.com and click on the Patreon button. Patronage starts at just \$2 per month. Or you can click on the PayPal button to make a one-time contribution. Your contributions help keep the podcast going. And while you're at the website, leave a comment and let me know what you thought of today's episode. And you can check out the playlist of music for this or any episode, so if you hear a piece of music and you want to know more about it, that's the place to look, including links. Most of the music I use on this show is free and downloadable.

Next weekend is Thanksgiving weekend in the United States, so I'm going to take the weekend off. Also, I'm getting behind in my script writing again, so I need some time to get caught up there. More about that later, but I hope you'll join me again in two weeks' time on *The History of the Twentieth Century*, as we return to the Eastern Front of the Great War and consider the relative positions of Germany and Austria and the fraying relationship between them. Shackled to a Corpse, in two weeks' time, on *The History of the Twentieth Century*.

Oh, and one more thing. I should say a word about the American short story writer William Sydney Porter. He was a native of North Carolina, but was living in Austin, Texas in the early 1890s. He worked as a teller and bookkeeper at the First National Bank of Austin, and fled to Honduras when he was indicted for embezzlement in 1896. During his six months in Honduras, he wrote a collection of short stories set in the fictional Central American country of Anchuria, which is where he first used the term “banana republic.”

Porter returned to Texas, stood trial, was convicted, and served a term in prison from 1898 to 1901. He continued to write and sell short stories during his prison term, first using the pen name “O. Henry” in an 1899 story published in *McClure’s Magazine*.

His writing career took off after he was released and moved to New York City. His writing proved very popular. Most of his stories are humorous tales, often with a twist ending. His most famous stories are “The Ransom of Red Chief,” about two criminals who kidnap a ten-year old boy who proves to be so obnoxious that they end up paying money to the boy’s father to take him back, and “The Gift of the Magi,” about a pair of impoverished lovers who each sell their most prized possession to buy a Christmas gift for the other.

Porter had a drinking problem, which led to his death in 1910, at the age of 48. In 1918, an annual O. Henry Prize was created to honor the best short stories published in the United States. O. Henry Prizes continue to be awarded to this day.

[music: Closing War Theme]