PHILANDER CHASE KNOX: CABINET OFFICER

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by

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Approved by

[Signature]
PREFACE

Throughout my life, I have always had a keen interest in the near-great—the man who would be great but for some chance combination of circumstances, the person who strives but does not succeed. I have chosen, therefore, to write of the accomplishments of such a man, Philander Chase Knox, when he served as a cabinet officer under two great men, Roosevelt and Taft.

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INTRODUCTION

It is not my purpose to consider all the public activities of Philander Chase Knox, but simply his achievements or defeats as a cabinet officer. This excludes his able services as Senator from Pennsylvania. In order that the reader may better understand the man, the first chapter is devoted to his life and character.

As attorney-general, Knox will be long remembered as the prosecutor of the Northern Securities Company. That suit occupied an important "corner" in Theodore Roosevelt's "Square Deal." As Secretary of state, Knox is closely linked with the policy of "Dollar Diplomacy." Thus under Roosevelt and Taft, he occupied cabinet posts which were important in helping shape presidential policy.

Knox's efforts, I feel, far surpassed his achievements. He was deeply sincere. Sometimes he failed because of lack of comprehension; sometimes because of unfortunate methods. He remained a near-great man.
I. THE INNER AND THE OUTER KNOX

"The real Knox, the inner Knox, is as difficult of access and as hard to describe as the mechanism of a hunting-case Swiss watch locked up in a burglar-proof safe."¹ How true! A statement that could be made with equal truth about any one. How is one really to know and understand another? The New England humorist, Oliver Wendell Holmes, explains that it is impossible to know John because there are three Johns:

"The real John; known only to his Maker.
John's ideal John; never the real one, and often very unlike him.
Thomas's ideal John; never the real John, nor John's John, but often very unlike either."

Applying this threefold conception of personality to Philander Chase Knox, one is forced to be satisfied with Tom's ideal Philander. One will not be forced, however, to listen to Tom's opinion alone, but can give willing ear to the opinions of Dick and Harry. One will not fathom "the inner Knox," but at least, one may see how he impressed his associates. As one's first impression is of the "outer man," let us consider that first.

The "outer Knox" was notably under average height, portly, with solid shoulders, and a full chest. Nature had executed "a sardonic piece of work to put such an impressive intellect in such an unimpressive physical environment."² He was often called a "little great man;" but the most perfect description of him ever voiced was that of Theodore Roosevelt, who styled him "a sawed-off cherub."³ A Washington correspondent described Knox thus:

"He is a little man, with a cherubic face and a brisk, alert manner. He bustles when he walks. He looks an inquisitor in the eye and replies in a prompt staccato manner. There is nothing pompous or pretentious about him; he is frankness itself, as candid as a lake....There is a bright freedom about his manner in conversation that is somewhat Western."⁴

Knox had a massive Napoleonic head, a forehead soaring high above the eyes, and a smooth-shaven face.⁵ His countenance was almost mask-like.⁶ There was "a shrewdness in the distinctive droop of his keen, dark eyes."⁷

If in official circles in Washington, as in college, a vote had been taken on the qualities of the members,

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³Tattler, "Notes from the Capital," Nation, CII, 103 (Jan. 27, 1916).
⁴Charles W. Thompson, Party Leaders of the Time, 316.
⁵A Washington Journalist, "Men We Are Watching," Independent, LXII, 491 (Feb. 28, 1907).
⁷Lowry, op. cit., 195.
Knox would certainly have gained the caption: "Our Best Dressed Man."³

The qualities of a man, however, are more important than his personal appearance. He was outstanding for his "legal learning, mental acumen, and capacity for clear statement."⁹ He was "a steadfast, moderate, alert-minded man, keen and quick in his insight, thorough and deliberate in his mental operations, and with a native gift, which had been cultivated, for the underlying philosophy of the law."¹⁰ One writer claimed that Knox's most striking qualities were "simplicity, directness, and lucidity."¹¹

Yet in spite of all these high sounding adjectives concerning his ability, the former cabinet officer could not spell. Concerning this fact, President Taft said:

"He spells virile V-i-r-i-l and wiggling with only one g, but I don't care whether he spells or not, I am very glad to get his letter."¹²

Knox could tell a good story as well as argue a great case. One instance of his ready wit occurred at the home of the millionaire Frick, who was engaged in a poker game

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⁹Editorial, "Knox as Secretary of State," Outlook, XCI, 413 (Feb. 27, 1909).
¹⁰Lowry, op. cit., 201 et seq.
with President Taft, Secretary Morton, Major Archie Butt, and Mr. Max Norman. The President, when told that his face gave him away said, "Confound the face. I wish I had yours, Knox."

"If you had, you might have more money," laughed the secretary, "but you would not be President." 13

Another instance of wit intermingled with wisdom appeared in Knox's remark to Taft about Carnegie's munificence:

"Now, Mr. Taft, all that old Scotchman is investing this money for is to have a funeral oration preached over him once a year at the anniversary of everything he has put a nickel into. He has bought up most of the orators of the world to-day, but what is worse, he is bribing everybody who will be able to talk from now until eternity." 14

Knox's raillery at times bordered on cynicism. When President Harding took the younger Senators Frelinghuysen, Elkins, and Hale on a tour through the South, Knox concluded:

"It is quite simple; I see nothing mysterious about it at all. The President wants relaxation -- complete mental relaxation." 15

Knox had confidence in his own ability, as a conversation between Roosevelt and Taft reveals. Roosevelt, who had recently visited the Italian King, remarked about his royal host, saying, "If he had his ability and Knox's

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13 Ibid., II, 470.
14 Ibid., II, 612.
assurance, he would be one of the most dominant figures in the world to-day."

They all [President and Mrs. Taft, Miss Helen Taft, Senator Lodge, Mr. Norton, and Major Butt] laughed at this reference to Knox.

"Yes," said Taft, "there is no lack of confidence in Knox. I have found out that much."\(^{16}\)

And yet one could not say that Knox was unduly impressed with his own importance. When Major Butt arranged the seating of the guests for a dinner at the Americus Club in Pittsburgh, he placed the Governor of Pennsylvania over the Secretary of State on the ground "that the head of a sovereign state ranked in fact every person present within his own state except the President."\(^{17}\) The State Department was aroused, especially Assistant Secretary Wilson. Knox, after the matter was ultimately referred to him, upheld the Major's arrangement and decided "that hereafter this order be made a precedent in the department itself."\(^{18}\)

Knox's dislike of ostentation appeared in a remark made before the Republican National Convention of 1908, in which he received sixty-eight votes for the presidential nomination. He affirmed:

\(^{16}\) Butt, op. cit., I, 424.
\(^{17}\) Ibid., I, 339.
\(^{18}\) Ibid.
"Of course I'd like to be president; every American citizen has a feeling somewhere in him that he would like to be the president. There is only one thing about it that I don't think I'd like. That is being made a show of. A president has to be led around the country at stated intervals and people come out and look at him as if he were a wild animal. And I wouldn't enjoy having to go through this compulsory society business."\(^{19}\)

Knox, though dignified, was capable of being aroused. In Atlantic City some wealthy hoodlums used "indecent language in the hearing of some ladies who were dining with Attorney-General Knox. Immediately afterwards the gilded youths were on the outside of the place, one of them nursing a black eye, the gift of Mr. Knox."\(^{20}\) The correspondent goes on to bewail the fact that the reporters had a hard time filling the requisite amount of space, because the whole affair had taken place in such a businesslike manner.

Notwithstanding this seeming inconsideration of Knox for the newspaper men, they liked him. The same writer remarked, "He has not the vice of lying to newspaper men.... if he does not want to give them the information sought, he tells them so with cheery directness."\(^{21}\)

Knox possessed an enviable versatility as regards social accomplishments. This statement, made by Representative


\(^{20}\) Thompson, op. cit., 311.

\(^{21}\) Ibid.
Burke, shows one what a charming companion Knox must have been:

"He cast a fly with the skill of Izaak Walton; he drove a race horse with a mastery that made a world's record; he drove a golf ball with the precision of an accomplished devotee of the royal and ancient game; he quoted the Bible with the ease of a theologian; he recited the poems of the masters with the accuracy of a professor; he told a story with a precision and a humor that convulsed the lovers of real wit; and his conversation had a charm equaled by few." 22

Such a person was Philander Chase Knox. But in order to gain a better understanding of him, it would be well to consider some of the more or less prosaic facts of his life.

The boyhood and youth of Knox seem void of anecdote. He was born May 6, 1853, the son of Davis S. and Rebekah (Page) Knox at Brownsville, Fayette County, Pennsylvania, within sight of the birthplace of James G. Blaine. His father was a banker; his grandfather a Methodist Episcopal minister. 23

Knox obtained his secondary education in the local school and received his B. A. degree from Mt. Union College, Ohio, in 1872. The most important association of his college life was the friendship which he established with William McKinley. When McKinley was campaigning for public prosecutor, Knox organized the Republican


students in Stark County. His friend is credited with having influenced Knox to choose law as a profession.\textsuperscript{24} Theirs was a life-long friendship.

For three years after his graduation, Knox read law in the office of Mr. H. H. Swope at Pittsburgh, and in 1875 he was admitted to the Pennsylvania bar. During 1876 and 1877, he was assistant United States district attorney for the western district of Pennsylvania. In the same year, he formed a partnership with James H. Reed. These two men pursued their law practice in Pittsburgh until 1901, when Knox left to become attorney-general.\textsuperscript{25}

In 1880 he married the daughter of Andrew D. Smith of Pittsburgh, Lillie Smith, who was "a wee little thing... graceful and easy in her manners."\textsuperscript{26}

Knox was counsel for Carnegie during the Homestead strike in 1892. "His ingenuity steered the ironmaster through the perilous legal complications of those days. It was he to whom it first occurred that the riotous strikers were open to the charge of treason for violent resistance to the laws of the State."\textsuperscript{27}

He had the honor of being elected president of the Pennsylvania Bar Association in 1897. "His address, upon

\textsuperscript{24}Elbert F. Baldwin, "President Taft's Cabinet," \textit{Outlook}, XCI, 691 (March 27, 1909).
\textsuperscript{25}Wright, "Knox," X, 479.
\textsuperscript{26}Lawrence F. Abbott, ed., \textit{The Letters of Archie Butt, Personal Aide to President Roosevelt}, 251.
retiring from that position, was the first enunciation of the belief that the Government, under the Commerce Clause of the Constitution, had the power to control great combinations." 28

Two years later, McKinley offered him the position of attorney-general. Knox declined, but indicated that he would accept later. Consequently, Knox was appointed attorney-general when John W. Griggs resigned in 1901. His accomplishments as that official will be discussed later.

On June 10, 1904, Governor Pennypacker appointed Knox as senator from Pennsylvania to fill the place of the late Matthew S. Quay. Knox took his seat July 1, and later was elected to the Senate for the term 1905 to 1911. As senator he was active in railroad-rate legislation, and in the Panama Canal tolls debate; he served on the judiciary committee, and was chairman of the committee on rules. 30

In order to become Secretary of State under President Taft, Knox resigned as senator. His efforts during the Taft administration will be detailed more at length below.

Twice he was offered an associate-justiceship on the Supreme Bench, and twice he declined. The reason he gave for his refusal was: "I would rather make history than

28 Stuart, loc. cit., CLXXXVII, 670.
29 Wright, "Knox," I, 479.
30 Ibid.
write it."31

Knox returned to private life on March 5, 1913. The
fall of 1916, he was elected Senator for the term 1917 to
1923. This reelection "was due to the efforts of two pro-
ressive or anti-Penrose wings of the Republican party of
Pennsylvania."32 This was the last public office he was
to hold.

The outstanding feature of his final senatorial ser-
vice was his fight against the Wilson peace settlement.
Knox was one of the foremost leaders of the "Irreconcil-
able." At first glance one would consider that Knox had
changed his views regarding international peace and arbitra-
tion. That was not the case. His opposition was based on
his legal comprehension of the question rather than on party
lines. Robert Lansing, Secretary of State, expressed that
thought, saying, "Senator Lodge will not understand the
treaty, but he will fight for it for political reasons.
Senator Knox will understand it thoroughly."33

Knox's belief was that the treaty of peace and the
League of Nations should be separate. March 4, 1919, he
had a round-robin signed by thirty-seven Republican mem-
ers of the new Senate, protesting against the treaty.

31Stuart, loc. cit., XLXXXVII, 672.
32David S. Barry, Forty Years in Washington, 250.
33Gilbert, op. cit., 208.
34Congressional Record, 65 Cong., 3 sess., 4974.
He felt that it imposed "obligations upon the United States which under our Constitution cannot be imposed by the treaty-making power." 35

On July 10, President Wilson laid the Versailles Treaty, which contained the League of Nations Covenant as an integral part, before the Senate. "There was scattered applause on his the President's appearance, the Repub-
lican side in stern silence. Medill McCormick and Knox remained seated." 36 This gesture was certainly not one which indicated surly ill-manners, but rather an attempt to register strong disapproval.

The details of the struggle over the treaty are lengthy and involved. Throughout Knox played an imposing role. He offered various resolutions which failed. Ulti-
mately his stand was vindicated. A separate peace was negotiated and signed July 2, 1921, by President Harding.

Shortly before that date, Knox celebrated his sixty-
eighth birthday and seemed "as fit, and peppy, and full of juice as ever." 37 But in the fall, shortly after leav-
ing the Senate chamber, he was suddenly stricken with paralysis, and died on October 12, 1921. He was buried near his beloved home at Valley Forge.

35 Ibid., 4687 et seq.
36 Alice Roosevelt Longworth, Crowded Hours: Reminis-
cences, 286.
37 Lowry, op. cit., 200.
Many were the tributes paid to him. The month of his
death, one editorial avowed:

"We mourn a fallen giant, one who was not really
a liberal, but could see true on certain foreign
subjects; who was neither a genius nor a man of
great talent, but one who trained and used well the
brains nature bestowed upon him." 38

Memorial addresses were given by his colleagues Reed,
Walsh, Nelson, McCormick, Moses and others. Naturally at
such a time the good qualities of a man are extolled and
the bad overlooked. These speeches, however, give one an
insight into the personality of Knox.

Reed of Pennsylvania, the son of Knox's law partner,
declared:

"His mind was a clear window, that neither tinted
nor clouded what passed through it. He was the very
antithesis of the demagogue....I do not believe that
he ever wondered, and I am certain that he never
cared, whether at the moment what he did brought
popular applause....His service ever outran the
reward that he received." 39

Nelson spoke of Knox's oratorical ability and person-

el integrity:

"He was an exceedingly clear, incisive, and power-
ful speaker and debater. When he spoke, he was al-
ways listened to with attention. His statement of
a case was always so perfect and illuminating that
after it was made, there was little occasion for
further argument to be made.......

"He was morally incapable of taking a dishonest
or unjust course, either in public or private affairs." 40

Walsh of Montana also praised Knox's eloquence:

38 Editorial in the Nation, CXIII, 466 (Oct. 26, 1921).
39 Congressional Record, 67 Cong., 4 sess., 2645.
40 Ibid., 2646.
"He had none of the meretricious arts of the orator, but there was a singular impressiveness in his speech which, with the irresistible logic of his argument and the well-earned reputation he enjoyed as a master of any subject on which he spoke, invariably held the attention of the Senate—a rare tribute to his eloquence....

"He had a remarkably commanding presence not rare in physically small men or unusual intellectual power. "He once confided to me that he came back to the Senate—finding the pursuit of a private business unsatisfying—from a desire to render some service to the public rather than to end his days in amassing or adding to a private fortune."41

Moses, who worked as minister in a foreign capital under Knox, gave a very glowing tribute:

"I here record my conviction that there has been no Secretary of State from Jefferson down through the long line, who caused himself to be more fully informed day by day of the intricacies of our foreign relations...or who dealt more frankly with his colleagues in the Cabinet or his collaborators in the Senate than did Mr. Knox."42

While McCormick of Illinois added a human touch in his remarks:

"Knox was serene, calm, kindly affectionate among his fellows....He bore success and disappointment with equal calm....He faced the oncoming death, of which he knew and we knew not, as dauntless, smiling, as he had faced the trials of life."43

41 Ibid., 2644.
42 Ibid., 2643.
43 Ibid., 2645.
II. ATTORNEY-GENERAL KNOX

1. His Appointment

President McKinley offered Knox the position of attorney-general in 1899. Knox declined because he was engrossed in the formation of the Carnegie Steel Company.\(^1\) Some thought that the reason he refused was that he was not ready to surrender his lucrative law practice for an annual stipend of $8,000.\(^2\) The President, nevertheless, renewed the offer when Mr. John W. Griggs resigned in the spring of 1901. This time Knox accepted.

Immediately there was an uproar. It was claimed that a trust attorney had been put in the office of trust prosecutor. Knox was accused of helping to organize the "Steel Trust." He was called by the condemning phrase, "a corporation lawyer." In reply to the last charge, he remarked:

"No one who knew anything about me or my law practice has ever yet so classified me; but, in the abstract, my idea would be that a corporation lawyer was one who gave his whole time to the service of a corporation and not one who had corporations among his clients, for the latter includes every lawyer of any ability today. It is not who a lawyer's clients are, but the nature of the services he renders them that determines the lawyer's character."\(^3\)

\(^1\)Wright, "Knox," X, 479.
\(^3\)Stuart, loc. cit., 569.
The new Attorney-General occupied himself with the routine business of his department. McKinley did not require any onslaught on the trusts; consequently, Knox did not make any. For a brief six months he held the office under McKinley whose untimely death brought Theodore Roosevelt to the presidency.

Roosevelt, approving his predecessor's choice, retained Knox as attorney-general. One of the President's first moves was against the trust. Knox had a lawyer's conscience for looking after the best interests of his new client, the United States Government. This client's first demand was for the prosecution of the Northern Securities Company. The so-called "trust attorney" was about to earn a new sobriquet—that of "trust-buster."

2. The Northern Securities Case

Justice Holmes once said:

"Great cases are called great not by reason of their real importance in shaping the law of the future but because of some accident of immediate overwhelming interest which appeals to the feelings and distorts the judgment. These immediate interests exercise a kind of hydraulic pressure which makes what previously was clear seem doubtful and before which even well-settled principles of law will bend.

In the light of the above quotation, the Northern Securities case was indeed great. It reversed the decision
of the so-called Knight case of 1895, which upheld the view that corporate mergers were outside the scope of the Sherman Anti-Trust Act of 1890. This was a startling reversal. The accepted views of business men were jolted.

James J. Hill had organized the Northern Securities Company under the laws of the State of New Jersey. It was a holding company with a capital of four hundred million dollars. Three railroads made up the group: the Northern Pacific and the Great Northern, which ran from Lake Superior to Puget Sound, and the Chicago, Burlington, and Quincy line, which gave the two former railroads a much desired terminus in Chicago. The officers of the holding company were to manage the three railroads and divide the dividends among the stockholders of the Northern Pacific and the Great Northern; the Chicago, Burlington, and Quincy stockholders were to be paid by joint bonds of the two purchasing railroads.

"The proposition that these independent systems of railroads should be merged under a single control alarmed the people of the State concerned, lest they be subjected to what they deemed a monopoly of interstate transportation....The Governors of the States most deeply affected held a meeting to consider how to prevent the

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5Ibid.
6James F. Rhodes, The McKinley and Roosevelt Administrations, 1897-1909, 222.
merger becoming effective and passed resolutions calling upon the National Government to enforce the anti-trust laws against the alleged combination.\(^7\)

Consequently, President Roosevelt asked Attorney-General Knox concerning the legality of the organization of the Northern Securities Company. The President requested secrecy and thereby surprised the other members of his cabinet, who got their first intimation of the affair from the newspapers.\(^8\) The whole country was surprised in the same way.

On February 19, 1902, Knox with customary clarity and conciseness gave out through the press the following statement:

"Some time ago the president requested an opinion as to the legality of this merger, and I have recently given him one to the effect that, in my judgment, it violates the provisions of the Sherman Act of 1890, whereupon he directed that suitable action should be taken to have the question judicially determined."\(^9\)

By that brief statement the President and the Attorney-General surprised the nation. The stock market report of the Tribune read:

"Not since the assassination of President McKinley has the stock market had such a sudden shock as was caused by the announcement on Wednesday night of President Roosevelt's purpose to proceed to test the legal-

\(^7\)Roosevelt, Addresses, I, 282.
\(^8\)Joseph B. Bishop, Theodore Roosevelt and His Time Shown in His Own Letters, I, 183.
\(^9\)New York Tribune, February 20, 1902.
ity of the merger of the Northern Pacific and Great Northern Roads. Not the slightest intimation of the President's proposed move reached Wall Street in the course of the day on Wednesday."10

Many felt that the Administration had been ill-advised.

The lawyers of J. Pierpont Morgan and James J. Hill said to Joseph B. Bishop, "The President has been led into an act of folly on the advice of an unknown country lawyer from Pennsylvania."

When Roosevelt was informed, he replied, "They will know this 'country laywer' before this suit is ended."11

The leading lawyers were opposed to Knox's views.

Concerning this fact Roosevelt wrote:

"Not long after I became President, on the advice of the Attorney-General Mr. Knox, and through him I ordered proceedings to be instituted for the dissolution of the company. As far as could be told by their utterances at the time, among all the great lawyers in the United States Knox was the only one who believed that this action could be sustained."12

In spite of this varied opposition, the United States "filed a petition in the Circuit Court District of Minnesota to enjoin the defendant, the Northern Securities Company, from acquiring, holding, or voting the shares of the capital stock of two competing railway companies."13 The suit commenced March 10, 1902. On April 9, 1903, the Circuit Court decided in favor of the Government.14 The case then went to the Supreme Court.

11Bishop, op. cit., I, 182.
13The Federal Anti-Trust Laws with Amendments, 90 (1931).
14Ibid.
Although it was customary for the Solicitor General to argue cases, Knox made the argument. He gave his personal attention to the case. "The brief bears evidence of his superb intellect."

On March 14, 1904, the majority opinion, written by Justices Harlan, Brown, McKenna, Day and Brewer, was given in favor of the Government. Justice Brewer "in stating his agreement in the main with the four others, differed in some degree, so that it was jocularly said that the Government had won by four and five-eighths to four and three-eighths." These five Justices held that the device of a holding company could not shield from the penalties of the anti-trust law a combination which otherwise amounted to a direct restraint of trade or an attempt to monopolize.

Justice Holmes in his dissenting opinion declared:

"I repeat, that in my opinion there is no attempt to monopolize, and what in my judgment amounts to the same thing, that there is no combination in restraint of trade, until something is done with the intent to exclude strangers to the combination from competing with it in some part of the business which it carries on....The law says nothing about competition and only prevents its suppression by contract or combinations in restraint of trade and such contracts or combinations derive their character as restraining trade from other features than the suppression of competition alone." 19

15 Congressional Record, 67 Cong., 4 sess., 3041.
16 The United States v. the Northern Securities Company, 193 U.S., 364.
17 Rhodes, op. cit., 224.
19 Alfred Lief, arranged, The Dissenting Opinions of Mr. Justice Holmes, 172 et seq.
The opinions concerning the results of the decision of the Supreme Court were conflicting. The President set much store by the victory and the influence which he felt was exerted by the decision. After the Supreme Court of the United States upheld the New York Franchise Tax Law, he expressed his gratification to Knox in this vein:

"I write you because I think that the reflex action of what you have done during the past year and a quarter is in no small degree responsible for the decision. The courts can be educated just as the public can be educated and the suits you have carried on and the decisions you have secured in the United States Courts have had, I am convinced, a very profound effect elsewhere. Unless I am greatly mistaken one of the places where this effect is visible is this Franchise Tax decision." 20

The Democratic New York World carried this commendation:

"It is just as well to record some plain truths, however unpleasant or surprising....The first effort to enforce the anti-trust law was made by Theodore Roosevelt, a Republican President. The first Attorney-General to vigorously prosecute offenders and to test the law was a Republican Attorney-General, Philander Chase Knox. The decision of the Supreme Court of the United States, given as a finality from which there is no appeal... was due to five judges, every one of whom is a Republican. Under these circumstances it does not seem probable that the Democrats can make great capital in seeking to monopolize the anti-trust issue." 21

The New York Tribune said of the decision:

"The decision completely justifies the much denounced action of President Roosevelt. It is not he who stops the merger, but the Supreme Court. The highest tribunal in the nation decides that the plan to control these competing railroads is illegal." 22

20Bishop, op. cit., I, 187.
Speaking at a banquet at Milwaukee, Wisconsin, the President paid high tribute to the ability and services of Knox, saying:

"I ask your attention for a moment to the way in which the law has been administered by the profound jurist and fearless public servant who now occupies the position of Attorney-General, Mr. Knox. The Constitution enjoins the President that he shall take care that the laws be faithfully executed and under this provision the Attorney-General formulated a policy which was in effect nothing but the rigid enforcement, by suits managed with consummate skill and ability both of the anti-trust law and of the imperfect provisions of the act to regulate commerce." 23

The above comments are all favorable. Generally speaking, the public felt that the President and the Attorney-General had accomplished much. Yet there were some who felt otherwise. Four Justices of the Supreme Court felt that a mistake had been made in the decision. One of the chief muchbreakers, David Graham Phillips, belittled what had been achieved. 24 Present day writers on the subject share his opinion. One such writer points out that the dissolution decree did not restore competition between the two railroads. He criticizes the manner in which the Northern Securities Company was dissolved. The officers had the choice of two methods of dissolution: by sale and distribution in cash or by distribution in kind. The latter method was adopted. Since the original stock was not returned, James J. Hill was able to oust E. H. Harriman out

23Roosevelt, Addresses, I, 281.
of the control of the Northern Pacific. Thus will virtually controlled both roads to the Pacific.

The conclusions of Professor Meyer of Wisconsin are apt because they are based on a scientific study of this famous case:

"The chief interest of the Northern Securities case lies in the magnitude of the interests involved and in the variety of the economic and legal problems which were incidentally drawn into the controversy. From the point of view of railway organization, the case presents little of consequence, except that railway corporate organization... must avoid the technicality of the particular type of holding company which the Northern Securities Company represented.... It was assumed that competition had been stifled without first asking the question whether competition had actually existed; and whether, if competition could be perpetuated, the public would profit by it....

I try no means question the motives of the officers of the law who prosecuted the case.... The supreme court has said that the Northern Securities Company violated the law, and that should end the matter. Then, too, the prosecution of the Securities case had an undoubted wholesome influence on all great corporations. It was a moral tonic." 26

This case initiated a series of suits under the anti-trust laws in the Roosevelt, Taft, and Wilson administrations. Let us consider the other suits instituted under the direction of Knox.

3. Other Trust Suits.

"The disclosures respecting the secret rebates enjoyed by the great packing house companies, coupled with the very high price of meats, led the Attorney-General to direct an investigation into the methods of the so-called 'beef trust.'"

On May 10, 1902, a petition was filed in the "Circuit Court, Northern District of Illinois to restrain the defendants [six of the principal packing house companies] who were engaged in the buying of livestock and the selling of dressed meats, from carrying out an alleged conspiracy entered into between themselves and the various railway companies to suppress competition and to obtain a monopoly." The court gave a decision for the government on May 26, 1903. On appeal by the defendants this decree was affirmed by the Supreme Court on January 1, 1905.

Next was filed a suit against the Federal Salt Company, a corporation which had been organized under the laws of New Jersey, but had its main office and principal place of business in California. On November 10, 1902, the court made the temporary restraining order which had previously issued practically perpetual by granting an injunction.

27 Roosevelt, Addresses, 7, 299.
28 The Federal Anti-Trust Laws with Amendments, 91 (1901).
29 Ibid.
30 Roosevelt, Addresses, 1, 284.
"These injunctions were to restrain the execution of certain contracts between the Federal Salt Company and the other defendants, by which the latter agreed neither to insert nor buy or sell salt, except from and to the Federal Salt Company, and not to engage or assist in the production of salt west of the Mississippi River during the continuance of such contracts. As a result of these agreements the price of salt had been advanced about four hundred percent."

Early in 1903 the "salt trust" violated the perpetual injunction which had been issued. Consequently an indictment was brought against the company. The "salt trust" pleaded guilty and was fined $1,000.

Then another section of the country became the center of interest in this campaign against the trusts. The cotton growers, buyers, and shippers complained about the methods of the Southern railroads, and alleged that the railroads by a pooling arrangement had denied to shippers the right to ship their products over any road they might select. The Attorney-General instituted proceedings which resulted in the destruction of the pool and thus removed "the restraint upon the freedom of commerce."

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31 The Federal Anti-Trust Laws with Amendments, 31 et seq.
32 Roosevelt, Addresses, I, 284.
33 The Federal Anti-Trust Laws, 31 et seq.
34 Roosevelt, Addresses, I, 283.
Another trust suit was filed by the United States against Baker and Johns Grocery for the purpose of dissolving a combination of wholesale grocers. On November 31, 1907, however, a decree of dismissal was entered.

Then asked about the possibility of dissolving the "coal trust" and the "steel trust," Knox informed the President that he could not find conclusive legal reasons to promise a winning case. The writer who mentioned that fact seemed to infer that Knox, for reasons of his own, did not care to proceed against those particular trusts. The Attorney-General, however, in a report to the House, pointed out the difficulties which confronted the Department of Justice in investigating because the Department had no power to compel the companies to give up their books or to examine witnesses under oath.

This is the extent of the suits which Knox as Attorney-General instituted under the Sherman Act of 1890. Even if "the existence of the 'power trust' today is a commentary on the effectiveness of the whole cloudy program of the pre-war trust-busting," credit certainly is due Knox for making the initial start which had the effect of "moral tonic" if nothing more.

4. The Title to the Panama Canal.

Taking action against the trusts was not the sole accomplishment of the Attorney-General. He did a valuable service for this country when he secured a legal title to the Panama Canal.

The Spooner bill of June 28, 1902, authorized the President to acquire the property of the Istmo of Panama owned by the new Panama Canal Company for not more than $40,000,000. The chief executive asked Knox whether the French laws under which the canal company had been incorporated would permit the sale.

The Attorney-General had $10,000,000 at his disposal for securing legal talent to investigate the case. Then asked by Roosevelt what law firm he intended to employ, Knox responded:

"This is the first big legal job that has come along since I have been in the Cabinet, so I think I will attend to it myself. I have enough assistants to look after the details, and I am not unused to handling big jobs." 39

Accordingly, Mr. Charles W. Russell, one of Mr. Knox's regular assistants, was sent to France, and for two months he examined the French statutes. Then Knox went to Paris and in less than a week went over all the data of Mr. Russell.

40 Ibid.
The offer of the stockholders to sell was referred to the Civil Tribunal of the Seine and approved. A dissenting stockholder, M. Domadius, appealed to the French supreme court, the Court of Cassation, which upheld the right of the company to sell in a decision given on August 5, 1903.

On October 25, 1903, Knox rendered the opinion that the French laws would permit the French company to give the United States an indisputable title to the property.

Knox returned from Paris and presented his expense account for his legal services to the Secretary of State. Then Hay saw the bill, he called Knox on the telephone and said, "The clerk must have dropped a cipher or two. It is only thirty-nine hundred and some dollars."

"Well, that is correct," said Knox.

That was a small sum for such thorough and capable services.

The final transactions were not completed until April 17, 1904. Then the Attorney-General received this telegram from Messrs. Day and Russell, his assistants:

"General deed conveying totality of property has been executed and delivered before our consul-general Deed drawn to suit us, and we are guaranteed all further deeds we may want later....We shall take possession here and shall cable Walker at Panama to take over properties there, sending copy of deed and other papers." 44

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41 Willis F. Johnson, Four Centuries of the Panama Canal, 130.
42 Opinions of the Attorney Generals, XLIIV, 740.
43 Lowry, loc. cit., 587.
44 Foreign Relations, 303 (1904).
The firm of J. P. Morgan and Company, acting as agents for the United States, paid to the Bank of France at Paris, 340,000,000. Thus the United States secured a valid title to the canal from the French company, if not from Colombia.

Several years later Roosevelt wrote to Knox, then Senator, for information regarding the Panama Canal transaction. The President wanted to give this information to a man unnamed in his letter. The reply of Knox is an interesting summary of what he had considered as his duty in the whole transaction:

December 2, 1906.

Dear Mr. President:

This government did not get the stock books of either the old or new Panama Canal Company. We did not buy the corporations or their stocks; we only bought the property. We had no dealings with the old company at all. That company and the new company adjusted their equities in the French courts. All I cared for was to see that they did adjust them in such a way as to protect this Government. In the absence of any suggestion of irregularity—and there was no such suggestion—it was a matter of indifference to the United States who owned the stock of the new company. The only question was, did we want the property at the price. Congress decided that we did, and all you had to do was to determine if you could get a good title to it, and then go ahead and make the purchase,...You executed the law directing the purchase, and that is all there is to it so far as you are concerned.

My recollection is that the final ratification of sale was almost unanimous by the stockholders of the new company; not more than four or five small dissenting votes.

Sincerely yours,

P. C. Knox

45 Foreign Relations, 503 (1904).

The safety-appliance law, as amended by the Act of March 2, 1903, proved very beneficial to railway employees. The act was broadened so that it applied "to all trains, locomotives, tenders, cars, and similar vehicles used on any railroad engaged in interstate commerce, and in the territories, and the District of Columbia, and to all other locomotives, tenders, cars and similar vehicles used in connection there with." 47 "It also provided that not less than fifty per cent of the cars in trains operated with power or train brakes should have such brakes used and operated by the engineer of the locomotive drawing the train." 48 A marked decline in deaths and injuries followed.

The part which Attorney-General Knox played in securing the amendment of the law is brought out in a letter he received from Roosevelt dated October 21, 1908. Roosevelt wrote:

"You first actively invoked the great power of the Federal Government on behalf of the rights of labor when, for the first time in history of the Government, you, speaking for the Department of Justice, intervened in a private lawsuit which had gone against a locomotive fireman who had lost his arm in coupling cars, and by your intervention secured from the Supreme Court a construction of the safety appliance act which made it a vital remedial statute, and therefore has

47 U.S. Stat. at Large, XXXII, 943.
49 Ibid.
secured to hundreds of crippled employees and widows of crippled employees, compensation which they would not otherwise have obtained."

C. Chinese Exclusion Act.

Then Knox was asked for his opinion concerning the various treaties which existed with China from 1868 on, and concerning the various exclusion acts, he replied:

"I am clearly of the opinion that the act of April 27, 1882, will continue all the essential provisions of the laws relating to the exclusion of Chinese after December 8 next, at which time the treaty of 1868 will expire. I take the liberty to suggest that, as some doubt has arisen on that subject, and as a lively interest has been aroused concerning the same, you will find this an opportune time to direct the attention of Congress to the necessity...of more clearly setting forth its wishes...and of providing for certain modifications and explanations.

"Owing to defects in said laws...it has been impossible to prevent or adequately punish repeated frauds thereupon which resulted in the wrongful entry of many Chinese laborers, and the expense to the Government necessarily incurred has been largely increased." 51

As a result of the Attorney-General suggestion, all existing legislation was continued in force until otherwise provided by law. All legislation was extended to the insular possessions, and Chinese immigration from these islands to the United States...was prohibited.

50 Roosevelt, Addresses, VII, 1849 et seq.
51 Opinions of the Attorney Generals, XIX, 142.
I. Appointment to the Senate.

While Attorney-General Knox was thus busily engaged in the able performance of these duties, Governor Pennypacker of Pennsylvania appointed him to fill the vacancy in the United States Senate caused by the death of Senator Matthew J. Quay. Muckrakers immediately claimed that the Governor was influenced in his choice by Frick, controller of the "steel trust", and by A. J. Cassatt, president of the Pennsylvania railroad.

The Boston Advertiser (Republican) drew this conclusion:

"He will be out of the Department of Justice, and, therefore, cannot be offensive to Wall Street in his present position. Nobody expects that he will be succeeded in the attorney-generalship by a lawyer equally able and eminent." 54

It seems to be an unsolved question whether "big business" wanted Knox in the Senate as its friend, or out of the attorney-generalship because he was its enemy.

A reasonable view of the situation was expressed by the Philadelphia Public Ledger (independent):

"There is no excuse for the assumption that, at this late date, he, Knox, is going to sacrifice his good name, and sell his high character to the representatives of any sinister interests." 55

On June 30, 1904, the President thus expressed his entire satisfaction in his retiring cabinet officer:

55 Ibid., citing the Philadelphia Public Ledger.
"My Dear Mr. Knox,

I accept your resignation not only with real personal regret, but with a very real feeling of the loss the country thereby sustains...There is nothing that I can say which will in any way add to the reputation which you have won, and to tribute I can pay you will approach in value that already paid you by the hearty admiration and rec. of your country's citizens.

Many great and able men have preceded you in the office you hold, but there is none among them whose administration has left so deep a mark for good upon the country's development. Under you it has been literally true that the mightiest and the best in the land have alike had it brought home to them, that each was sure of the law's protection while he did right, and that neither could hope to defy the law if he did wrong." 56

And so the trust-busting Attorney-General became a Senator from Pennsylvania, and remained in that foremost legislative body until he was called to another cabinet portfolio.

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56. Bishop, op. cit., I, 310.
III. KNOX AS SECRETARY OF STATE

1. His Appointment by Taft

Senator Knox and his wife attended a cabinet dinner given by retiring President Roosevelt on December 18, 1908. There the rumor circulated that the Pennsylvania Senator would be the next Premier of the Cabinet.¹

Later in the same month Taft decided upon Knox for the position of Secretary of State. As Knox was in New York, Taft telegraphed his desire to meet at the home of Henry W. Taft, brother of the President-elect. The meeting occurred early on a Sunday morning. Taft wished Knox to help "run the job" and to begin by helping select the other members of the cabinet. The Senator did not immediately give his decision. Taft left to go to church, while Knox remained and managed to escape from the house unreported. Four days later Knox telegraphed his acceptance of the foremost cabinet position.²

There is an interesting story connected with Knox's appointment. The joke lay in the fact that a Buffalo newspaper correspondent caught two such eminent lawyers as

¹Abbott, op. cit., 251.
Taft and Knox napping. This new-writer knew that paragraph 2, section 6, article I of the Constitution of the United States read:

No Senator or Representative shall, during the time for which he was elected, be appointed to any civil office under the authority of the United States which shall have been created, or the emolument thereof shall have increased during such time.

He also remembered that Knox, as a Pennsylvania Senator, had voted for a $4,000 increase in the salaries of the heads of the executive departments in the Legislative, Executive, and Judicial Appropriation Act of February 26, 1907. This correspondent therefore reasoned that the appointment of Knox was unconstitutional.

The difficulty was remedied by an Act of February 17, 1909, repealing the above act as regarded the salary of the Secretary of State. Thus Knox would receive the former salary given to secretaries while his colleagues enjoyed the $4,000 increase. On March 5, 1911, Knox's salary was placed at $12,000, the salary received by the other heads of the executive departments.

The whole affair created many laughs at the expense of Taft and Knox, and made excellent copy for the correspondents. Secretary Knox had the distinction of being "the only Cabinet officer ever to have a special bill passed by Congress making him eligible for serving."  

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3U. S. Stat. at Large, XXXIV, 993.
4Ibid., XXXV, 626.
5Francis Mc Hale, President and Chief Justice: The Life and Public Services of William Howard Taft, 191.
Taft's choice of Knox as Secretary of State was viewed favorably by many. Roosevelt asserted:

"Knox is a great lawyer, and I think he will be a splendid cabinet officer. I say this, too, recognizing also that he is not a man of the world and limited in his knowledge of other countries and the affairs of other governments." 6

The New York Times lauded the new Secretary in this manner:

"It is a curious thing and one staggeringly complimentary to Knox, that a man whose record is absolutely bare of any relation toward or experience in foreign affairs can be selected for secretary of state and receive an undoubting and unanimous verdict that he will be a great one. And yet the reason is very simple. It is that Knox is known to be not merely a great lawyer, though all his triumphs have been won through his acquirements, but he is recognized as a man with an all-around mind. Mr. Taft could have picked out a public man of vastly more acquaintance with foreign affairs without getting anything like the chorus of applause that has greeted his selection of a man with no acquaintance whatever in that field." 7

James Bryce, the British Ambassador, felt that Knox brought to his position a shrewd mind and an upright character, but little or no diplomatic training, and an indifference to foreign politics. Added to this lack of adequate preparation was an "impatience of temperament" which caused Knox to make "autocratic and rapid decisions." 8

Knox was not, however, the first head of the State Department to have no previous experience in diplomacy. He had one advantage over his two predecessors in that he

6 Butt, op. cit., I, 308.
8 Fisher, op. cit., II, et seq.
had served in the Senate. He brought to the Department the conception that he was employed by the United States to represent her material interests. "He liked to attend to his department's business without consultations." He is said to have remarked:

"The Government would come nearer getting its money's worth out of me, if I were not required to go to the State Department at all, but could sit quietly in my sitting-room at home devising policies and considering, without interruptions, our foreign relations."p

Knox felt that the Secretary of State had to waste too much time with chatty ambassadors. To remedy this evil and other evils of outmoded methods, he fostered the reorganization of his Department.

2. The Reorganization of the State Department

On January 12, 1909, Knox, who was then junior Senator from Pennsylvania, had proposed an amendment to an appropriation bill. The amendment provided for an Under-Secretary of State and a Fourth Assistant Secretary. On January 13, the Committee on Foreign Relations reported the amendment favorably. It was adopted in the Senate, but failed in the House. The effort of Knox, the Senator, failed, but the effort of Knox, the Secretary, succeeded.

10 Butt, op. cit., II, 537.
11 Lowry, loc. cit., VI, 534.
12 61 Cong., 1 sess., Senate Documents 139.
Knox was assisted in his plans by the President who urged the favorable action of Congress. Mr. Taft remarked: "Such facilities exist in the foreign offices of all the leading commercial nations. To deny them to the Secretary of State would be to place this Government at a great disadvantage in the rivalry of commercial competition."

On August 5, 1909, at a special session of Congress the following provision was adopted:

"For defraying the necessary expense incurred in connection with foreign trade relations which come within the jurisdiction of the Department of State, under tariff legislation and otherwise, and in negotiation and preparation of treaties, arrangements, and agreements for the advancement of commercial and other interests of the United States, and for maintenance of a division of Far Eastern Affairs in the Department of State, including the payment of necessary employees at the seat of government or elsewhere, to be selected, and their compensation fixed, by the Secretary of State and to be expended under his direction, fiscal year nineteen hundred and ten, one hundred thousand dollars. A detailed statement showing expenditures, including salaries or rates of compensation paid, under this appropriation shall be reported to Congress by the Secretary of State on the first day of each regular session; and estimates for further appropriations hereunder shall include in detail salaries of all persons to be employed and paid in the Department of State at Washington, District of Columbia." 

The new divisions were made by the authority of this act. The old subdivisions has been "the correspondence with diplomatic and consular officers, the domestic

14 61 Cong., 1 sess., Congressional Record, 4602.
business, the duty of caring for the archives and books, of keeping the Department's accounts, and making appointments. The division of labor in the Department had reference to these functions, and two additional bureaus had been added whose duties related to particular subjects—the Bureau of Trade Relations and the Bureau of Citizenship. This arrangement was not changed, but upon it were super-imposed five new divisions, all but one organized upon a geographical basis. They were: a Division of Latin American Affairs, a Division of Far Eastern Affairs, a Division of Near Eastern Affairs, a Division of Western European Affairs, and a Division of Information.

The provision quoted above received the sanction of Congress in the Appropriation Act of June 17, 1910. It allowed the director of the Consular Service $4,500, the Counselor and resident diplomatic officer $7,500 each, eight officers to aid in important drafting work, four receiving $4,500 each, and four $3,000 each.

Certain features were without precedent. The Counselor of the Department and the resident diplomatic officer, appointed by the Secretary of State, received a higher salary than the Assistant Secretaries or the Solicitor, appointed by the President. Chiefs of divisions

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16 Wright, "Knox," X, 479.
17 Hunt, *op. cit.*., 244.
and of special offices all received more than chiefs of bureaus.¹⁸

The reorganization possessed the good feature of "making possible rotation between the officers of the departmental, the diplomatic, and the consular branches of the foreign service."¹⁹ The result was that the whole diplomatic and consular establishments under the Department of State were kept in close touch with the government.

By an executive order of November 26, 1909, the merit system was extended to the diplomatic service "up to the grade of chief of mission and including all the secretaries and other subordinates of embassies and legations."²⁰

All these changes in organization were of great benefit in the conduction of business and served as the basis for future improvements.

3. Knox's Policy in the Far East

After the reorganization of the State Department, Knox began to devote his attention to the fostering of American interests in China. The use of finance as an instrument for strengthening political influence and furthering commercial ends went by the term "dollar diplomacy." This policy was upheld by some who maintained

¹⁸Ibid., 245.
¹⁹"Annual Message of the President," Foreign Relations, viii (1912).
²⁰Wright, op. cit., 326.
that it was merely "the policy of the open door for American citizens and of the proper protection of the business interests of American citizens in foreign countries under the accepted principles of international law."21 Others thought it "a policy dictated by selfish commercial interest."22

This economic motive of diplomacy was favored by Taft as well as by his Secretary of State. The President in his inaugural March 4, 1909, declared:

"In the international controversies that are likely to arise in the Orient growing out of the question of the open door and other issues the United States can maintain her interests intact and can secure respect for her just demands. She will not be able to do so, however, if it is understood that she never intends to back up her assertion of right and her defense of her interest by anything but mere verbal protest and diplomatic note."23

Two months later Knox was furnished with the basis of intervention. British, French and German banking groups were completing negotiations for a railroad from the south at Canton to Hankow, the industrial center on the Yangtse, and then west to Szechwan Province.24 Knox applied for American participation in the loan. The tripartite bankers objected to the delay, and maintained that the negotiations were virtually concluded.25

21James W. Garner, American Foreign Policies, 41.
22Ibid.
2361 Cong., 1 sess., Congressional Record, 3.
24Foreign Relations, 148 et seq. (1909).
25Ibid.
The United States reminded China of a promise given in 1904, by which Aermican capitalists were to be included in such a loan. In June the American Chargé in Peking, Fletcher, wired Knox that the Chinese government intended to petition the throne that the deal be arranged with the European bankers only.

Then the President resorted to the unusual procedure of sending a telegram direct to Prince Chun, Regent of the Chinese Empire. The message read:

"I am disturbed at the report that there is certain prejudiced opposition to your Government's arranging for equal participation by American capital in the present railway loan. To your wise judgment it will of course be clear that the wishes of the United States are based not only upon China's promises of 1903 and 1904, confirmed last month, but also upon broad national and impersonal principles of equity and good policy in which a regard for the best interests of your country has a prominent part. ...I have an intense personal interest in making the use of American capital in the development of China an instrument for the promotion of the welfare of China, and an increase in her material prosperity without entanglements or creating embarrassments affecting the growth of her independent political power and the preservation of her territorial integrity."

On July 15, 1909, the same day that the President's telegram was sent, Knox instructed Mr. Fletcher to warn China that America expected equal participation in the loan and if thwarted would consider the act "singularly unfriendly to the United States." He went on to deplore the fact that individuals in China or elsewhere could

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²⁶Ibid., 152  
²⁷Ibid., 171  
²⁸Ibid., 178.
defeat the open door policy. 29

As a result of these messages the Regent ordered the Chinese foreign office to admit the American bankers. 30 On May 23, 1910, the preliminary agreement for the Hukuang loan was made, whereby American financiers were admitted on terms of equality with the British, French, and German groups. 31 On May 20, 1911, the final agreement was signed by the Deutsch-Asiatische Bank, the Honkong and Shanghai Banking Corporation, the Banque de L'Indo-Chine, and the American group consisting of J. P. Morgan and Company, Kuhn, Loeb and Company, the First National Bank, and the National City Bank of New York. 32 By this arrangement China authorized the bankers to issue a five percent gold loan for six million pounds sterling for a term of forty years. Likin, salt and rice taxes served as security. 33

In this instance, the principle of equal opportunity was observed, but such was not always to be the case. At the same time the negotiations for his loan were underway, a more important policy of Knox was under consideration.

The American Secretary sought to extend the "open door" policy which he had inherited from Secretary Hay, and "formulated into a policy of action the various currents of the preceding years. The preliminary agreement over the

29 Ibid., 179.
30 Ibid., 180.
31 Ibid., 280 (1910).
32 John Van Antwerp MacMurray, Treaties and Agreements with and concerning China, 1894-1914, I, 866 et seq.
33 Ibid.
Chinchow-Aigun railroad, Mr. Harriman's discussions with the Japanese over the South Manchuria Railroad, and the negotiations for the sale of the Chinese Eastern railroad converged into the famous neutralization scheme, a subsidiary of which was the renewal of the Chinchow-Aigun railroad project.\textsuperscript{34}

Let us give attention briefly to these preliminary overtures which led to Knox's proposal. Mr. Harriman, the United States railroad magnate, had visions of a worldwide railroad system. During October 6, 1909, Willard Straight, Harriman's agent, and Lord French tentatively reached an agreement with China that the Chinchow-Aigun railroad was to be financed by American bankers and constructed by Pauling and Company, an English firm. The death of Mr. Harriman disrupted affairs. His scheme, however, bore fruit, for it served as a foundation for the neutralization proposals of the Department of State, which became the directing agency for the extension of American interests in Manchuria.\textsuperscript{35}

China, under various agreements, had reserved the right to purchase the railroads in Manchuria. Knox proposed to hasten this purchase by an international loan to

\textsuperscript{34}Frederick V. Field, American Participation in the China Consortiums, 11.

\textsuperscript{35}MacMurray, op. cit., I, 802.

\textsuperscript{36}T. W. Overlach, Foreign Financial Control in China, 217.
China. The railroads would be managed by a joint commission of the powers lending the money. He first approached the British. On November 9, 1909, this memorandum was sent to Ambassador Reid at London:

"Perhaps the most effective way to preserve the undisturbed enjoyment by China of all political rights in Manchuria and to promote the development of those Provinces under a practical application of the policy of the open door and equal commercial opportunity would be to bring the Manchurian highways and the railroad under an economic and scientific and impartial administration by some plan vesting in China the ownership of the railroads through funds furnished for that purpose by the interested Powers willing to participate. Such loan should be for a period ample to make it reasonably certain that it could be met within the time fixed, and should be upon such terms as would make it attractive to bankers and investors... The execution of such a plan would naturally require the cooperation of China and of Japan and Russia... The advantages of such a plan to Japan and to Russia are obvious...

Should this suggestion not be found feasible in its entirety, then the desired end would be approximated if not attained by Great Britain and the United States diplomatically supporting the Chinchow-Aigun arrangement and inviting interested powers friendly to the complete commercial neutrality of Manchuria to participate in the financing and construction of that line and of such additional lines as future commercial development may demand."37

Knox made an unfortunate choice in the time and manner in which he presented his scheme. "The idea... was theoretically unassailable; but its results demonstrated the fact that in diplomacy it is better to face hard facts than to wander on the heights of abstract principles."38

37 Foreign Relations, 211 (1909).
To Knox's proposal, Sir Edward Grey, the British Secretary, replied on November 25, 1909:

"The general principle...entirely commends itself to His Majesty's Government so far as the preservation of the Open Door policy and equal commercial opportunity are concerned, and would in their opinion be well adapted to securing to China full control in Manchuria. I am, however, of the opinion, that until the pending negotiations for the Hukuang loan have been completed, it would seem undesirable to consider the question of another international loan for China's railway undertakings, and I would suggest, therefore, that, for the present at any rate, it would be wiser to postpone consideration of the first scheme."39

Taking the above note as complete acquiescence, Knox on December 18, 1909 submitted his scheme simultaneously to the British, French, German, Russian, Japanese and Chinese governments.40 In so doing he blundered diplomatically, because he had not consulted separately the vitally interest-ed powers, Japan and Russia. He lacked the assurance of any government for the support of his proposition. He appeared ignorant of the trend of European politics for the few years preceding his proposal. "What he failed to comprehend was that, because of conditions affecting British policy in other parts of the world, the British foreign office deemed it expedient to trade off whatever advantage might come to England by trying to sustain the 'open door' in Manchuria."41 "Obviously the place where Secretary

39 Foreign Relations, 235 (1910).
40 Bland, op. cit., 318.
41 Thomas F. Millard, Our Far Eastern Question, 6.
Knox should have begun, if he wished to protect the integrity of China, was in Europe. The key to Secretary Knox's failure is to be found in the fact that his proposal, which would have weakened British and French plans for the encirclement of Germany, had been preceded by no assurances as to what the United States would offer in its place as a measure for the preservation of peace in Europe."\textsuperscript{42}

During December, 1910, Theodore Roosevelt at the request of the President criticized Knox's policy thus:

"Our vital interest is to keep the Japanese out of our country and at the same time to preserve the good will of Japan. The vital interest of the Japanese, on the other hand, is in Manchuria and Korea. It is therefore peculiarly our interest not to take any steps as regards Manchuria which will give the Japanese cause to feel, with or without reason, that we are hostile to them, or a menace--in however slight a degree--to their interest.... The Open Door policy in China was an excellent thing... but as has been proved by the whole history of Manchuria, alike under Russia and under Japan, the 'Open Door' policy, as a matter of fact, completely disappears as soon as a powerful nation determines to disregard it, and is willing to run the risk of war rather than forego its intention."\textsuperscript{43}

The above comment was referred to Knox, who was unable to see any connection between the immigration and the Manchurian questions. He defended his position by saying:

"We have no desire or intention to interfere with any legitimate purpose of Japan in Manchuria... Why the Japanese need Manchuria any more than does China, who owns it now... is not apparent... What we mean by the Open Door in Manchuria is surely nothing more than

\textsuperscript{42} Tyler Dennett, *Roosevelt and the Russo-Japanese War*, 317.
\textsuperscript{43} Ibid., 320.
fair play for our commercial interests, which certainly are not insignificant, and for China, integrity territorially and administratively.

"That certainly is the meaning of our policy in China as enunciated by Secretary Hay and continued and developed under your administration. The aim of the present administration has been merely to reduce the theory to practice."44

Knox went on to say that he thought it better to bring Japanese policy up to the level of United States policy as regarded China. He felt that British merchants in China, as well as the British public, were favorable to neutralization. Then he closed by saying:

"It would therefore seem an inopportune time now to let down our standard even if we had any thought of doing so; but in any event I think it would be much better for us to stand consistently by our principles even though we fail in getting them generally adopted."45

In order to explain his position to the nation Knox issued a statement to the press on January 6, 1910. He explained the negotiations incident to the Hukuang loan. He pointed out the fact that former railroad loans were secured by first mortgages on the lines constructed, but that the Hukuang loan was secured by the internal revenues. Therefore it was important for the United States to exercise an influence equal to the other powers. The action of the government was "the first step in a new phase of the traditional policy of the United States in

44 Ibid., 321 et seq.
45 Ibid.
China. He repeated his neutralization plan as outlined in the memorandum to Sir Edward Grey on November 9, 1909. He closed by saying, "There are reasons to believe that such a plan might...meet with...favorable consideration on the part of Russia. Germany and China cordially approve the American suggestion, and certain press reports from Japan indicate that the project may likewise be received with favor in that country."

Knox was far too optimistic in his views. This optimism seems to indicate how far he failed to understand the whole situation. He erred in connecting the counter proposal of the powers uniting to construct the Chinchou-Aigun railroad with his neutralization scheme. This second proposition disregarded China's right by the Portsmouth Treaty to use her own discretion about the improvement of commerce in Manchuria. This second plan simply meant that "if Russia and Japan were unwilling to abandon their 'special interests' in this region, they and the other Powers were invited to create new interests to compete with those of the existing railways." The linking of the two proposals was fatal.

The American Ambassador at St. Petersburg, Mr. Rockhill, realizing this situation presented only the neu-

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46 _Foreign Relations_, 243 et seq. (1910).
47 See page 44.
48 _Foreign Relations_, 243 et seq. (1910).
49 Bland, _op. cit._, 318.
tralization scheme. When Russia learned of the second plan which had been presented to the other powers, she felt that the American Government was acting with duplicity. This fact enabled Isvolsky, who had been working for a rapprochement with Japan, to obtain his goal.\(^{51}\)

Japan had the following reason, other than her vital interest in Manchuria, to consider the proposal unfavorably. President Roosevelt in a memorandum of July 23, 1905, had virtually approved the second Anglo-Japanese Alliance. Since that alliance supported Japan in Manchuria, the Knox proposal looked like a repudiation of United States Policy.\(^{53}\)

The neutralization scheme was made public by Japan and Russia after they had agreed to reject it. Russia sent her refusal on January 31, 1910,\(^{54}\) and Japan on February 2.\(^{55}\) The United States Government had received a diplomatic defeat.

The American Secretary turned to his second proposition, the Chinchow-Aigun Railway. The construction of such a road would create new interests to compete with the existing railroads. On February 24, 1910, Russia informed the United States that such a railroad seemed exceedingly injurious both to her strategic and economic interests.\(^{56}\) France

\(^{50}\)Ibid.
\(^{51}\)Ibid., 319.
\(^{52}\)Dennett, op. cit., 318.
\(^{53}\)Ibid.
\(^{54}\)Foreign Relations, 240 (1910).
\(^{55}\)Ibid., 251 et seq.
\(^{56}\)Ibid., 261.
supported her ally, Russia, by sending a letter to the Chinese on March 4, declaring that China should consult Russia before granting concessions for the building of railways in northern Manchuria. 57 Great Britain, loyal to the Anglo-Japanese alliance, declined to support the Chinchow-Aigun project. 58 Consequently, the United States allowed the scheme to lapse.

A direct result of this unfortunate diplomacy of Secretary Knox was the Russo-Japanese entente of July 4, 1910, whereby those powers agreed to maintain the status quo in Manchuria, and to act jointly in case of an armed conflict with any other power aiming at political supremacy in China. 59

Instead of aiding China to assume control of her Manchurian provinces, Knox had cemented the friendship of China's rivals in Manchuria. He did not realize the complexity of the situation. He acted too independently. "It cannot too often be emphasized that in all the history of American policy in the Far East there is not a single instance where a policy of independent and isolated diplomatic action has succeeded." 60

America's next move was to negotiate for participation in another loan. In October, 1911, there was insurrection in China; the following February the Manchu Dynasty abdicated. Some time before the republican revolution

57 Westel W. Willoughby, Foreign Rights and Interests in China, 327.
58 Foreign Relations, 269 (1910).
59 MacMurray, op. cit., I, 803 et seq.
60 Dennet, op. cit., 324.
China had been considering a loan for general currency reform; now the new government continued negotiations for that purpose. The final loan agreement, signed on April 15, 1911, by the four nations who had participated in the Hukuang loan provided that the signatories would be the first invited to take part in business enterprises in Manchuria, as well as providing for currency reform. 61 Japan and Russia, although they had no money to lend, secured admission into the group through their allies, England and France. 62 In the spring of 1913, the loan proposal was submitted to the Chinese government, but was rejected because of its dictatorial tone. 63

After Wilson's inauguration, the American banking group withdrew because the Administration thought the six power syndicate infringed the sovereign rights of China. 64 Although this six power consortium was allowed to lapse, it paved the way for a four power consortium in 1920. The phases of Knox's policy in the Far East are four: the Hukuang loan, the neutralization scheme, the Chinchow-Aigun railroad proposal, and the six power consortium. Of these only the first was successful. The last was eventually concluded in another administration. Perhaps if Knox had

61 MacMurray, op. cit., I, 841-849.
62 Bland, op. cit., 325.
64 Foreign Relations, 170 et seq. (1913).
65 Wright, "Knox," X, 479.
succeeded in his neutralization plan the present state of Manchukuo would not exist. It seems just to conclude that Knox's intentions were honorable, that he truly sought to strengthen China, but that he lacked the proper finesse.

4. Interests in Turkey

Dollar diplomacy extended to Turkey also. Knox wrote to Oscar S. Straus, United States ambassador to Turkey:

"If I am correct in understanding that American educational and missionary interests in Turkey are in fact receiving treatment in substance entirely satisfactory, I conclude that the chief influence should at present be centered upon a substantial advancement of our prestige and commerce."65

Straus felt that it would be a mistake for him to transfer his efforts from securing protection for the American schools and hospitals to securing concessions for shipbuilding and railroads. He advised and asked the State Department "to weigh the advantages of concessions to a few American exploiters, against the disadvantages that protection of these concessions would impose."66

American investors, however, obtained a concession through the efforts of Rear-Admiral Colby M. Chester, who secured in 1909, "a preliminary agreement from the Turkish Government for the building of a port and railways and the

65 Oscar S. Straus, Under Four Administrations from Cleveland to Taft, 297.
66 Ibid., 298.
exploitation of mines by American capital. . . . Secretary Knox ... informed Admiral Chester of his deep interest in the concession."  

Huntington Wilson, the Assistant Secretary of State, who was sent to attend the coronation of the new Sultan, was also sent to aid the Chester Claim.  

President Taft stated that Mr. Wilson "was charged with the duty of expressing to the Ottoman Government the value attached by the Government of the United States to increased and more important relations between the countries and the desire of the United States to contribute to the larger economic and commercial development due to the new regime in Turkey."  

In this particular field American policy was successful.  

"After the convention was submitted to the Turkish Parliament, every Government in Europe, through the Chancelleries in Constantinople, recognized the successful termination of the contest by sending congratulations to John Ridgely Carter, the Acting American Ambassador in Constantinople, for his diplomatic efforts in securing the concession."  

On April 30, 1923, the Chester concession was extended and "the new concession was three times as large as the old and one of the richest in the world." 

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69 "Annual Message of the President," Foreign Relations, x (1910).  
70 Woodhouse, loc. cit., XV, 957.  
5. Dollar Diplomacy in Central America

Knox was interested in China and Turkey, but particularly in Central America. He "ranks as the most energetic of all American diplomats in the attempts to use investments in other countries for the extension of political influence; and the financial policy of the United States in the Caribbean and Central America bears the stamp of his personality.... Secretary Knox was not supported as were his successors, with great reserves of surplus capital; but, nevertheless, his efforts fixed the outlines of American policy in the region under consideration, a policy which was strengthened in the hands of later Secretaries of State as the United States was transformed into a creditor nation."\(^2\)

The five republics of Central America had been in a state of disorder for several years. Their governments had a heavy indebtedness to Europe. Knox's policy was to counteract European influence. Because of the Panama Canal, the United States was particularly interested in how much of a foothold European creditors gained in that section. Further than that, there was the great opportunity for trade and investment. President Roosevelt had created a precedent by his economic supervision of the Dominican Republic. When the opportunity presented, Knox

\(^2\)Benjamin H. Williams, *Economic Foreign Policy of the United States*, 52.
was to take his cue from his former chief.

The largest of the Central American States, Nicaragua, was dominated from 1894 to 1910 by José Santos Zelaya. His tyrannical ways led the conservative party to start a revolution at Bluefields in October of 1909. During hostilities two Americans, Lee Roy Cannon and Leonard Groce, were captured with the revolutionists and sentenced to be executed. The American representative made repeated efforts to save the two men, but to no avail. The discussion, as to the rights of the Zelaya's government to execute these men, is very involved, too involved to consider in detail. Six prominent lawyers in Managua, however, agreed that prisoners of war had not been executed in the last fifty years. Consequently, it seems evident that Zelaya acted unjustly.

As a result of this incident, Secretary Knox sent the Nicaraguan Chargé Rodríguez a note on December 1, 1909. He pointed out that President Zelaya had kept Central America in a turmoil, that republican institutions had ceased to exist, that Americans, officers in the revolutionary forces, had been killed, and that the United States believed that the revolution represented the ideals of the majority. He inclosed Rodríguez's passport. The Nicaraguan, however, was given the choice of leaving or remaining in Washington

73Foreign Relations, 446 et seq. (1909).
74Ibid., 449.
along with a representative of the revolution, "each as the unofficial channel of communication between the Government of the United States and the de facto authorities." 75

This note caused the downfall of Zelaya's government. He fled on a Mexican warship, but not until he had dictated his successor, Dr. José Madriz. 76 President Taft refused to recognize the Madriz government, which was soon overthrown. The revolutionary party came into power. General Juan J. Estrada proclaimed himself provisional president, and cabled his representative at Washington to seek the recognition of the United States and to request a commissioner. 77 Accordingly, on October 11, 1910, Thomas C. Dawson, minister to Panama, was sent as a special agent to investigate conditions. He undertook negotiations for the re-establishment of constitutional government, for financial rehabilitation, for the settlement of claims, and for the punishment of those responsible for the death of the two American citizens. 78 The leaders, Estrada, Diaz, Mena, and Chamorro, pledged themselves to carry out the policies of the Estrada government "to restore civil peace and economic order in Nicaragua by the establishment of constitutional guarantees and by the rehabilitation of finances of that country." 79

75 Ibid., 455 et seq.
76 Foreign Relations, 738 (1910).
77 Ibid., 762.
78 Ibid., 763 et seq.
79 Foreign Relations, 652 et seq. (1911).
Meanwhile Secretary Knox negotiated two treaties, one with Honduras and the other with Nicaragua. These conventions provided for the rehabilitation of finances, new loans to both countries by private American bankers, the customs pledged as security, and the receiver of the customs to be an American. The Treaty with Honduras was signed January 10, 1911, and the one with Nicaragua on June 6. The Senate failed to ratify either of these treaties.

Before the Senate had acted, Nicaragua negotiated "a preliminary loan with American bankers, engaged one American as financial adviser, two as claim commissioners, one as collector-general of customs, and one as assistant collector-general of customs." The bankers refused further loans after the Senate rejected the treaty.

In October, 1911, General Mena attempted to seize the presidency but was repelled by President Diaz, who asked the United States for assistance. American marines were sent and were maintained at the capital from then until 1925.

After quiet was restored, Secretary Knox proposed a new treaty by which the United States was to pay Nicaragua $3,000,000 for the right to build a canal through her

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80 Wright, op. cit., 336.
81 Ibid., 338.
82 Foreign Relations, 667 (1911).
territory, for a ninety-nine year lease of the Great Corn and Little Corn Islands, and for a naval base on the Gulf of Fonseca. He submitted this treaty to the Senate on February 24, 1913, but no action was taken since the close of the Taft administration was so near. Practically the same treaty was ratified by the Senate on February 18, 1916. Secretary Knox seemed to possess the unfortunate characteristic of losing out at the last minute, and of seeing another succeed in his stead. He, at least, had the satisfaction of seeing his attempts ultimately accepted.

The comments on Knox's Central American policy vary greatly. President Taft wrote:

"During my administration Knox, as secretary of state, tendered the good offices of the United States as between South American governments who were bitter against each other over boundaries and other disputes, and successfully brought them to a peaceful solution; but in those controversies it was quite apparent that whatever might be the general feeling against the United States, their suspicions of each other, when their interests were at variance, were quite as intense."  

The President's aide wrote deprecatingly of Knox's attitude toward our southern neighbors:

"He does not take the South American republics very seriously, and the worst of the matter is he does not discriminate between those who approach ourselves in importance and those petty little republics one reads about in Richard Harding Davis's novels."

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83 Foreign Relations, 1021 et seq. (1913).
85 Butt, op. cit., II, 460.
Mr. Henry White made this cryptic statement: "Knox's handling of Latin American affairs has not been happy."  

Ambassador James Bryce felt that "Mr. Knox sometimes failed in due consideration for the feelings of weaker nations. He was all for a spirited foreign commercial policy, descrying....in the Latin States of Southern America a group of commercial vassals who should obey the nod of a Protecting Power. Thus, by certain minor faults of manner and method, the new Secretary of State impaired the influence which the wise policy of Mr. Root had painfully secured for the United States among the Governments of the Southern hemisphere."  

Secretary Knox's policy, when viewed in the light of the policies of his predecessor and successor, was not inherently different. Yet his contemporaries disparagingly called his proposals "dollar diplomacy." "Although the 'dollar diplomacy' of Secretary Knox may seem more ruthless than the 'moral diplomacy' of Wilson and Bryan, American policy in Latin America was essentially the same under Roosevelt, Taft, and Wilson."  

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86 Allan Nevins, Henry White: Thirty Years of American Diplomacy, 303.
87 Fisher, op. cit., 37 et seq.
6. The Good-Will Tour

In order to alleviate any ill-feelings of the southern republics toward the United States and to gain a better understanding of conditions in those countries, Secretary Knox toured the Caribbean. From February 23 to April 17, 1912, he visited Panama, Costa Rica, Nicaragua, Honduras, Salvador, Guatemala, Venezuela, the Dominican Republic, Haiti, and Cuba. He did not visit Colombia because of the Panama Canal disagreement, nor Mexico because of unsettled conditions there. He bore a message of good will to the countries which were brought into new relations with the United States by the opening of the Panama Canal.

February 10, the plan of the visit was issued from the White House with the purpose expressed thus:

"The relations of the United States to the Spanish republics surrounding the Caribbean Sea and the Gulf of Mexico are of the utmost importance to us, in view of our interest and responsibilities in that region. The President thinks it will be of great assistance, in solving the diplomatic problems that are presenting themselves from day to day, if we manifest our friendly interest in these, our neighboring republics, by a visit to them of the Secretary of State. By creating the closer relation and acquiring the more exact information that must come from such conferences as he will be able to have in the capitals of these republics with the heads of their governments, he will enable our government to deal with existing questions much more effectively. This will be the first time that an American Secretary of State has visited those countries."91

88Philander C. Knox, Speeches Incident to the Visit of Philander Chase Knox, Secretary of State of the United States of America, to the Countries of the Caribbean.
89Wright, op. cit., 329.
90Editorial Comment, "Secretary Knox's Visit to Central America," American Journal of International Law, VI, 493 et seq.
Although Secretary Knox and his party undertook the tour with a serious motive in mind, they encountered many trivial situations of a humorous or appealing nature. The dignified Secretary was swung on to the dock of a shallow harbor in a basket. There were countless flags, ostentatious state balls, bloody cock fights, three day national fetes, jungle dance music, and even handbills denouncing the visit.  

There was a warm reception in Venezuela, and a cold greeting in Cuba. There were rumors of their train being in danger of dynamite in Nicaragua. These were some of the less important features of the visit.

Throughout the tour Knox sought to dispel apprehensions concerning the attitude of the United States and particularly concerning the application of the Monroe Doctrine. In a speech at Panama he said:

"In my judgment the Monroe Doctrine will reach the acme of its beneficence when it is regarded by the people of the United States as a reason why we should constantly respond to the needs of those of our Latin-American neighbors who may find necessity for our assistance in their progress toward better government or who may seek our aid to meet their just obligations and thereby to maintain honorable relations to the family of nations."  

On March 6, 1912, Dr. Ignacio Suarez, President of the National Constitutional Assembly of Nicaragua, at a solemn session of that body held at Managua in honor of Mr. Knox

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92 William B. Hale, "With the Knox Mission to Central America," World's Work, XXIV, 179 (June, 1912).
93 Knox, op. cit., 15 et seq.
voiced the hostility of partisans to American interference and at the same time managed to extend proper courtesy to the visitor. To allay the nervousness caused by the possible extension of the Monroe Doctrine Knox replied:

"I beg to assure you, and I am sure that what I say meets the approval of the people and President of the United States, that my Government does not covet an inch of territory south of the Rio Grande. The full measure and extent of our policy is to assist in the maintenance of republican institutions upon this hemisphere, and we are anxious that the experiment of a government of the people, for the people, and by the people shall not fail in any republic on this continent."95

His Excellency Estrada Cabrera, President of Guatemala, gave a banquet for Mr. Knox on March 16. Then the Secretary declared:

"It is the sincere and candid desire of the United States to maintain and advance to an even higher degree frank and cordial relations with all the republics in this hemisphere, and to that end the President directed my present mission that, by personal contact, I might become better acquainted with the men who direct the destinies of these states, in order thereby to promote better understanding and mutually advantageous relations. That the friendship of my Government toward these states is frank and sincere needs no demonstration other than a consideration of the record of the past, and no words from me can half so eloquently deal with the situation or manifest the true attitude of my Government toward these states as can its acts. The United States, unfortunately, has many times been misrepresented in the past by those unscrupulous persons who, through an endeavor to promote their own gain, falsely represent the sentiments of the American people with regard to this or that nation of Central America."96

94Ibid., 46 et seq.
95Ibid., 57.
96Ibid., 205 et seq.
Knox's speeches given in the other countries were of similar trend. Upon his return to Washington, April 17, 1912, he issued a statement to the press in which he declared that the misunderstanding between the United States and the Caribbean republics was caused by two forces: native political leaders who purposely misrepresent the United States, and interested Americans who block reform because they are profiting by political abuses. He felt that the result of his visit would be beneficial in one instance, if the Senate would ratify the Nicaragua treaty. In alluding to the Monroe Doctrine he said, "I am more than ever convinced of the logic and wisdom of our helping the weaker republics to help themselves to avoid specific conditions where we might be embarrassed by its assertion." On this tour Knox mentioned the Monroe Doctrine frequently. Central America was not, however, the only section where the Monroe Doctrine was applied. In California a new use was made of this much talked-of phase of American diplomacy. Let us consider this new application.

\[^{97}\text{Ibid., 205 et seq.}\]
\[^{98}\text{Ibid., 207.}\]
7. Magdalena Bay

Several thousand acres of land around Magdalena Bay in Lower California had been purchased from Mexico by a corporation called the Chartered Company of Lower California. This company failed; the creditors, principally J. E. Henry, a New Hampshire lumberman, formed a new company, the Magdalena Bay Company, which tried to sell its rights to a Japanese syndicate.99

When this affair came to the attention of the Senate, that body by a resolution of April 2, 1912, requested a report from the Secretary of State relating to the purchase of the land at Magdalena Bay.100 The Secretary accordingly reviewed the situation for the Senate.

It seemed that Mr. Frederick H. Allen, the lawyer of the Magdalena Bay Company, had asked Secretary Knox for an opinion on what would be the Government's attitude toward the transaction.101 On August 17, 1911, Secretary Knox replied:

"It is difficult for me categorically to answer the inquiries you make, but I ought not to disguise the fact--very likely fully realized by you--that such a transfer would be quite certain to be interpreted in some quarters in a manner to cause a great outcry. Such a result would be so obviously a cause of regret to the Government of the United States that

10062 Cong., 2 sess., Senate Documents 640.
10162 Cong., 2 sess., Senate Documents 694.
it appears unnecessary for me to make further comment in response to your request to know the feeling of the Federal Government in the premise."102

The lawyer then asked Knox if the whole affair would be less objectionable if the Japanese were sold a thirty-five percent interest with an option on an additional fifteen percent, and if the American interests should keep control through a board of directors presided over by an American. The Secretary replied that he had nothing more to add to what he had formerly said. Mr. Allen tried to get an added communication from the Secretary on the new plan, but he was unsuccessful.103

The ultimate result of these consultations was the passing of the Lodge Resolution by a vote of fifty-one to four. It read:

"When any harbor or other place in the American continents is so situated that the occupation there-of for naval or military purposes might threaten the communication or the safety of the United States, the government of the United States could not see, without grave concern, the possession of such harbor or other place by any corporation or association which has such relations to another government not American as to give that government practical power of control for naval or military purposes."104

"Thereby the Senate, as far as it had authority, added the Asiatic to the European powers in the list of those which must not interfere with Latin-American states."105

102 Ibid.
103 Ibid.
105 Hart, op. cit., 255.
The Monroe Doctrine was extended "to cover private commercial transactions in America." 106

This interpretation of the Monroe Doctrine was the result of the efforts of Senator Lodge and not of the Secretary of State. Knox was not excited over the affair. He reported to the Senate that Japan was not interested as a government. He was correct when he told Mr. Allen that such a transfer would "cause a great outcry." Knox's handling of the situation was sufficient to stop the enterprise. As far as the Magdalena Bay incident was concerned the Lodge Resolution was superfluous.

8. Reciprocity with Canada

The Secretary of State made several efforts to settle disputes which existed between our country and other countries and to make treaties which would look toward more amicable relations in the future. One of his first efforts was to secure a reciprocity agreement with Canada.

The Payne-Aldrich Tariff Act of August 5, 1909, contained a maximum and a minimum clause, "providing for the imposition of duties of 25 percent ad valorem, in addition to the regular duties, upon dutiable products of all countries except those with no restriction......either in the way of tariff rates.....or export duty......

106 Sears, op. cit., 508.
which unduly discriminate against the United States or the products thereof." 107 It became the duty of the Secretary of State to advise the President "as to whether or not a particular country unduly discriminates against the United States in the sense of the statute referred to." 108

As several of the Provinces restricted the export of pulp-wood logs, and as a commercial treaty had just been negotiated with France, which country was given tariff concessions withheld from the United States, Canada would come under the maximum rate. 109 To avoid a tariff war, President Taft arranged to meet Mr. Fielding, Minister of Finance, at Albany on March 19, 1910. A few days later more formal negotiations began at Washington. "It was at length agreed that the United States Government would be satisfied with the extension by Canada of the intermediate instead of the general rates on 13 articles imported from the United States....The commercial effect of the reductions was slight." 110

Secretary Knox, congratulating Mr. Fielding on this adjustment wrote:

"Let me, then, take this opportunity to express, by his direction, the desire of the President that your Government will find it convenient to take up with this Government, at such time and in such manner as may be mutually satisfactory, the

110 Ibid., 34.
consideration of a readjustment of our trade relations upon the broader and more liberal lines which should obtain between countries so closely related geographically and racially, as indicated by the President in his recent public utterances.\textsuperscript{111}

In his annual message on December 6, 1910, President Taft by a detailed explanation brought the reciprocity negotiations to public notice. On January, 1911, Mr. Fielding and Mr. Paterson for Canada, and Mr. Knox for the United States negotiated the final arrangements.\textsuperscript{112} As a treaty would raise the question of the power of the Senate over commerce, the agreement was to be given force by ordinary legislation.\textsuperscript{113}

On April 21, the House passed the reciprocity bill by a vote of 268 to 89;\textsuperscript{114} on July 22, the Senate passed it by a vote of 53 to 27.\textsuperscript{115} The measure was signed by Taft on July 28, 1911.

In Canada reciprocity became the issue in the general elections September 21, and was heavily defeated.\textsuperscript{116} Some of the Canadians believed that the United States was looking to the annexation of the Dominion, in spite of the fact that Secretary Knox declared:

"The United States recognizes with satisfaction that the Dominion of Canada is a permanent North American political unit and that her autonomy is secure."\textsuperscript{117}

\textsuperscript{111}\textit{House of Commons Debates, XCVI, 5871-2 (March 30, 1910).}
\textsuperscript{112}\textit{U. S. Tariff Commission, loc. cit., 36.}
\textsuperscript{113}\textit{Ibid., op. cit., 178.}
\textsuperscript{114}\textit{62 Cong., 1 sess., 140-141, House Journal.}
\textsuperscript{115}\textit{62 Cong., 1 sess., 133, Senate Journal.}
\textsuperscript{116}\textit{U. S. Tariff Commission, loc. cit., 8468.}
\textsuperscript{117}\textit{Ibid.}
Concerning the defeat of reciprocity in Canada, James Bryce, British ambassador to the United States, remarked, "After all, the Government which passed the Aldrich Tariff had no ground of complaint at a renewed victory of the Protectionist cause in Canada."\textsuperscript{118}

Thus the Taft administration was defeated in a cause for which it had sacrificed much.\textsuperscript{119} No doubt the President was more actively interested in reciprocity that his Secretary. Knox, however, carried on the negotiations and brought them to a successful conclusion in this country.

9. General Arbitration Treaties with Great Britain and France

Knox's foremost effort toward peace was his attempt to secure general arbitration treaties with Great Britain and France. He had faith in arbitration and international unity. He expressed these views in an address before the annual banquet of the Pennsylvania Society of New York in December 11, 1909. There he voiced the hope that a Court of Arbitral Justice, which would be permanently in session and which would be financed by the community of nations, would be established.\textsuperscript{120}

On June 15, 1910, at the commencement exercises of

\textsuperscript{118}Fisher, \textit{op. cit.}, II,
\textsuperscript{119}Ogg., \textit{op. cit.}, 180.
\textsuperscript{120}Editorial Comment, "Secretary Knox and International Unity," \textit{American Journal of International Law}, IV, 180-184.
the University of Pennsylvania, the Secretary of State again mentioned arbitration, saying:

"Not only has the United States sought thus to settle its own difficulties by the implements of peace rather than by those of war, but it has assiduously exerted all proper pressure to induce the world to adopt the principle of arbitration as a means of settlement of international disputes." 121

President Taft believed in arbitration, and so did James Bryce and Sir Edward Grey, his political chief. Bryce opened discussions with the President for an arbitration treaty on January 1, 1911. By the first of May, 122 a draft was agreed on in Washington and sent to London. On August 3, 1911, Knox and Bryce signed a treaty extending the scope of the existing treaty of April 4, 1909. A similar treaty was negotiated with France. 123

Knox discussed the pending arbitration treaties before the American Society for Judicial Settlement of International Disputes, at Cincinnati, Ohio, on November 8, 1911:

"The treaties are simple in language and plan and are easily understood. They purport to deal with two kinds of differences: those which in their nature are arbitrable and those which are not. As to those which are arbitrable it is provided that they shall be arbitrated. As to those which are not arbitrable it is provided that they shall be the subject of deliberate inquiry, investigation, and advice. As to those differences concerning which the executive officers of

121 Wright, op. cit., 342.
123 62 Cong., 1 sess., Senate Documents, 92.
two nations can not agree as to the class to which they belong, that question is to be decided by a joint commission of citizens of the countries concerned, unless the two countries decide by agreement between them to constitute the commission otherwise."124

Ambassador Bryce felt that the State Department showed a lack of tact by publishing the treaty before the terms were communicated to the Foreign Relations Committee of the Senate.125 He felt that the pride of that committee was injured. This group, however, found more substantial grounds than pride on which to base their objections. The committee took the stand that the Senate could not constitutionally delegate its power to decide what should be arbitrated and what should not.126

Senator Lodge actively opposed this setting aside of the treaty-making power of the United States. He reasoned that we could not refuse to make similar treaties with other powers with whom we might not be so friendly.127 He cited the Magdalena Bay episode, which might have been the subject of arbitration had we possessed a treaty with Japan similar to the treaties under consideration. In view of the Lodge Resolution,128 it is clearly seen that the Massachusetts Senator would never be willing to arbitrate such a question.

124 62 Cong., 2 sess., Senate Documents 298.
125 Fisher, op. cit., II, 68.
126 62 Cong., 2 sess., Senate Documents 298.
127 Ibid., 353.
128 See page 65.
Also he felt that "all the differences with other nations in which we shall be involved will be American questions...yet Europe has many important interests in the American Hemisphere....Other nations promise to arbitrate American questions, but the whole great range of European and Eastern questions in which they are involved are not affected by any treaty which they make with us. There is therefore reason for much greater care upon our part in making general arbitration treaties than on the part of the European powers, for with us these treaties embrace questions of primary interest to the United States, but only questions of secondary interest to the powers of Europe."\(^{129}\)

The discussion dragged on in the Senate. After the holidays, in January, the treaty might have carried, because the speeches of the President were affecting public opinion.\(^ {130}\) But the opportunity was not seized for pushing the treaty through the Senate.

In March of 1912, the Senate consented to ratify, but appended a provision which made nonsense of the treaty. Questions affecting the admission of aliens into the United States, the educational institutions, the territorial integrity or alleged indebtedness of any state, the

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\(^{129}\)62 Cong., 2 sess., Senate Documents 353.

\(^{130}\)Fisher, op. cit., II, 68.
Enforce Doctrine, or other purely governmental policy, were excepted from the scope of the arrangement.

As a result of this senatorial animosity the treaties were allowed to lapse. Bryan felt that this was the least disappointing of his diplomatic career. No doubt, Knox was disappointed too. Again he met with failure only to see the eventual success of his efforts when the Bryan peace treaties were signed in 1915.

1. Settlement of the Fisheries and Fur Selling Disputes.

With regard to reciprocity with Canada and arbitration with Great Britain, Knox was unsuccessful. Two questions, involving those countries, he was to settle in a favorable manner; namely, the fisheries and the fur seal disputes.

"The Newfoundland fisheries have been the subject of more protracted dispute than any other question in American diplomacy. From the negotiations at Paris in 1783 to the decision of the Hague Court in 1910 the fishing rights exercised by citizens of the United States in the waters of British North America afforded a perpetual

131 Ibid., 69.
132 Ibid.
133 Wright, op. cit., 348.
source of friction and at time brought the United States and England to the verge of war."

This troublesome question was finally referred to the Hague Court by a special agreement signed at Washington, January 27, 1909. Mr. Chandler Anderson was agent for the United States, while Cessna, Turner, Elder, Warren and Root pleaded the case. In his report Mr. Anderson gave Root special praise, and also the "State Department for hearty and effective cooperation and assistance rendered... throughout the entire period covered by arbitration proceedings."

The tribunal rendered a decision on September 7, 1916. It held that Great Britain and Canada had a right to regulate privileges enjoyed by American fishermen, but that any complaints of unfairness were to be submitted to an impartial tribunal. Such a commission was organized and made a permanent body.

The decision was somewhat of a compromise, but it provided a way to settle disputes as they should arise. Knox had achieved the settlement of a long drawn out controversy.

About the same time as the Northeastern fisheries dispute was being arbitrated, the Bering Sea controversy was renewed. The roots of this question went back to the

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136 Id.
137 Id.
Russian treaty of cession of 1867. The involved history of this problem can not be discussed here. It is sufficient for our consideration of the question to know that the United States was fighting against the indiscriminate slaughter of male and female seals, because this pelagic sealing would eventually lead to the extermination of the very valuable herd which frequented the Pribilof Islands. The United States seriously objected to the inhabitants of British Columbia, Hawaii, and even Australia killing the seals as they migrated north and south.

President Roosevelt called attention to the cruelty of pelagic sealing in his annual message of 1906, but he did not secure a settlement during his administration.

After varied negotiations, Great Britain, Russia, Japan, and the United States signed a convention at Washington on July 7, 1911. Pelagic sealing in the Pacific north of the thirteenth parallel of north latitude was prohibited. The Bering, Kamchatka, Okhotsk, and Japan Seas were included in the terms. Japan and Great Britain were each to receive fifteen percent of the skins taken on the islands and shores of Russia and of the United States; Great Britain, Russia, and the United States were each to

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138 For a thorough discussion of this question see Latané, History of American Foreign Policy, 461-473.
139 Latané, op. cit., 464.
receive ten percent of the skins taken on the shores and islands of Japan. The convention was to last for fifteen years and continue thereafter until ended by a year's notice of one or more parties.

After the signing of this convention, Ambassador Bryce wrote:

"The settlement of this very troublesome question which has occupied diplomacy for many years in a manner which all the Powers recognize as fair and which promises to preserve the fur seal species and to maintain an industry of considerable importance to England, has a value which is much greater than might be judged from the comparatively slight attention which it has caused." 141

11. Panama Tolls.

There was one question concerning which Great Britain and the United States did not reach such satisfying results, at least during the Taft administration. That was the Panama Canal tolls.

On August 24, 1912, the Panama Canal Act, providing for the government of the Canal Zone and for the charges on canal traffic, was approved. On December 9, Ambassador Bryce declared that the act violated the Hay-Pauncefote treaty. He suggested arbitration. His government objected.

141 Fisher, op. cit., 42.
on these grounds: first, that the coastwise trade of the United States was free from tolls; second, that the President could prescribe different tolls to the United States' ships from those of other ships; third, that the ships of Panama had exemptions in their favor.

Mr. Elihu Root urged arbitration, saying, "We shall not call violate our solemn obligation, but we shall be false to all the principles that we have asserted to the world and that we have urged upon mankind."

In the Senate, Root offered an amendment to remedy the objectionable features of the Act. Nothing came of this.

"Secretary Knox was obliged, as actively in charge of the State Department, to uphold as best he might the existing legislation." He sent a letter to our charge d'affaires at London, on January 17, 1913, in which he reasoned that since no damage had been done to British shipping, the request for arbitration was premature. He declared that "it is the improper exercise of a power and not its possession which alone can give rise to an international cause of action."

142 Chester L. Jones, Caribbean Interests of the United States, 116.
144 Sears, op. cit., 509.
145 Congressional Record, 63 Cong., 1 sess., 253-265.
As to the second point, the Secretary advanced much the same argument. The third provision had been contained, he affirmed, in the treaty with Panama in 1914. Since Great Britain had voiced no objections then, he saw no reason why she should as late as 1915.

Knox's position and his manner of stating it aroused criticism in England. Some felt that a "bureau of courtesies" should be established at Washington.

On February 27, five days before the close of the Taft administration, Ambassador Bryce replied in a series of "observations." The British government still felt that a statute which contravened a treaty right afforded grounds for arbitration.

The question was handed on to the Wilson Administration. Although the Democratic platform of 1912, endorsed exemption, the President secured the passage of an act which repealed the tolls-exemption provision. In an amendment the Senate still maintained its right to discriminate in favor of United States' vessels.

The cause of the disturbance had been removed, but the United States still maintained right to exempt its ships, which right Secretary Knox upheld.

146 Congressional Record, 63 Cong., 1 sess., 255-256.
147 Garner, op. cit., 148.
149 Democratic Campaign Text Book, 36 (1912).
150 U.S. Stat. at Large, XXVIII, 325-326.
II. Attempts to Reconcile Colombia.

Toward the close of his service as Secretary of State, Knox attempted to restore cordial relations with Colombia. On September 30, 1913, Mr. Du Bois, the American minister to Columbia, submitted to Knox a review of the whole Colombian question and a statement of Colombia's claims which totaled $50,146,942. That sum was based on the Panama Railroad annuities, the value of the railroad, the canal rights, and the cost of the arbitration of the Costa Rican boundary.

It did not recompense Colombia for the loss of the Province of Panama. In closing his report, Mr. Du Bois asked for a speedy settlement:

"To approach Colombia in a conciliatory spirit and seek a renewal of her ancient friendship would not only be a wise and just move on the part of the United States, but as Colombia and all South and Central America firmly believe that the government of the United States was unjust in the Panama incident, from which has come infinite distress to Colombia, it would be a benevolent and fraternal act, and the time to move is the present, before the canal opens and while the public sentiment of both countries is in harmony with the movement." 152

At the time of presenting his report Mr. Du Bois was in Washington conferring with Secretary Knox. He returned to Bogota with the following proposals:

151 65 Cong., special sess., Senate Executive Documents 1.
152 Ibid
"(1) Ratification of the Root treaties, involving the payment to Colombia of the first ten installments of the annual rental of the canal zone amounting to $2,000,000.

(2) The payment of $10,000,000 by the United States to Colombia for the right to build an interoceanic canal by the Atrato route and for the lease of the islands of Old Providence and St. Andrews as coaling stations.

(3) The good offices of the United States on behalf of Colombia in bringing about an adjustment of the boundary line between Colombia and Panama.

(4) The submission to arbitration of the claims of Colombia to reversionary rights in the Panama Railroad assumed by the United States under Article XIII of the treaty of 1885 between the United States and Panama, estimated by Mr. Taft's secretary of war at over $16,000,000.

(5) The granting of preferential rights to Colombia in the use of the Panama Canal." 153

The Colombian government refused these proposals and demanded the arbitration of the whole question. Mr. Du Bois made other offers, one of which was $25,000,000 without options of any kind. Colombia still maintained that arbitration would be the only satisfactory means of settling the question.

Consequently, Knox decided to drop the matter and on February 20, 1913, instructed Mr. Du Bois to cease negotiations. The Secretary told the President that Colombia seemed determined to await the incoming Democratic administration.

153 John H. Latane, The United States and Latin America, 272.
154 Ibid.
155 Ibid.
156 68 Cong., special sess., Senate Executive Documents 1.
13. Conclusion.

One writer declared that the following dictum of Henry Lane Wilson is a just appraisal of Philander Knox:

"Philander Knox was in some respects a master mind in the management of foreign affairs. With the restraints imposed by judicial training and tradition, he clearly understood the proper direction of our foreign relations, their scope and their limitations; his presentation of a policy or interpretation of the aspects of a foreign question was accurate, but his life-long training in the law and his profound reverence for orderly and calm procedure sometimes affected or delayed the vigor of his action in acute crises. Honest by the highest standards and saturated with our own traditions, it was not always easy for him to understand that foreign chancellories might not be actuated by similarly high motives. He recalled from questioning the good faith of the representatives of foreign governments and, imbued with the spirit of our own tribunals, reluctantly impugned the uprightness of the courts of other countries. He was evidently just, quick to recognize and acknowledge his own mistakes, and possessed withal a generous, kind and loving disposition. The details of the work of the Department of State wearied him almost to the point of cynicism, and he fled from them as frequently as the executive work would permit; but, as I have reason to know, his moments of apparent leisure were given to the study and preparation of the really great state policies and papers associated with his name."

The present writer can not fully agree with this estimate. There is no doubt that Knox's personal integrity was of the highest quality. His activities as Attorney-General are unassailable, but his policies and methods of procedure as Secretary of State, were, at times, unhappy.

157 Wright, op. cit., 366 et seq.
158 Henry Lane Wilson, Diplomatic Episodes in Mexico, Belgium and Chile, 207 et seq.
He served as senator and cabinet officer for twenty years and refused two appointments to the Supreme Court. Such posts have been uselessly coveted by many, who would have regarded themselves among the great, had they attained such offices. Knox conscientiously performed the duties of his various public offices. He was limited in his actions by a traditional conservatism. He had certain "blind spots" which marred his vision in regard to foreign affairs. Because of minor imperfections, he did not achieve greatness.
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