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# Roosevelt, Cárdenas, and the Good Neighbor Policy

Franklin Delano Roosevelt is universally recognized as one of the great political figures of the twentieth century. His long tenure in the White House (1933-1945) coincided with two of the most decisive and turbulent episodes of contemporary history: the Great Depression and World War II. He emerged victorious in both cases. He not only defeated the worst crisis in the history of capitalism and the threat of international fascism, but by doing so, he simultaneously transformed the role of government intervention in the economy and that of Washington in the world. The rise of U.S. economic and geopolitical power in those decisive years is undisputable. However, during his first years in office, many would have had a difficult time predicting that outcome.

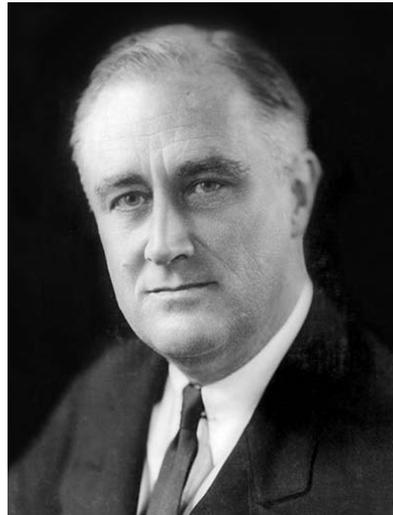
In the beginning, the New Deal economic policy provided uneven results and stumbled at the outbreak of a serious recession in 1938. In turn, the Roosevelt administration's initial foreign policy steps included many elements of continuity with the 1920s isolationist unilateralism. The president ignored the collective efforts of the 1933 London Economic Conference, thus dynamiting a global, coordinated way out of the crisis and reinforcing the general tendency to economic nationalism. Under Roosevelt, the United States continued to be absent from the League of Nations, that era's great multilateral forum.

The challenges from Tokyo, Rome, and Berlin to the international order were met by rather lukewarm responses by Washington. A paradigmatic example of the U.S. version of appeasement in the face of European fascism was the Roosevelt administration's reaction to German's an-

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Delano  
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Cárdenas  
del Río

nexation of Austria. While Mexico was denouncing this violation of international law, U.S. diplomacy limited itself to degrading its embassy in Vienna to a consulate and demanding that the Nazi authorities in Berlin pay Austria's debt.<sup>1</sup>

Despite these less than promising beginnings, the Roosevelt administration could boast of one success in its foreign policy: the so-called Good Neighbor Policy. Although initially formulated in general terms, it soon became identified with a new foreign policy focus for Latin American countries. The idea was to leave behind the most coercion-based aspects of U.S. hegemony in the Western Hemisphere and put forward a new form of leadership based on greater respect for neighboring countries' formal sovereignty at a time when the rest of the world seemed dominated by new and old imperialist aspirations and a growing feeling of pre-war hostility.

Given the secular conflicts among the European powers, this administration sought to offer the world an example of peaceful, friendly intra-hemispheric relations. For Washington, the Good Neighbor Policy's main challenge was how to maintain its position as the region's main power and, at the same time, project a credible image as a benevolent leader of the "New World."

This was no minor challenge. Right at the beginning of Roosevelt's term, in 1933, Washington had to deal with a political crisis in Cuba caused by the fall of General Gerardo Machado. The decision to not recognize Ramón Grau's revolutionary government and to favor Fulgencio Batista's taking power seemed to confirm the worst fears about the purely rhetorical nature of the new policy toward Latin America. However, signs that it could be interpreted as a positive change in trend soon began to emerge. In late 1933, at the Pan-American Conference held in Montevideo, the U.S. delegation committed to the principle of non-intervention. Added to this were some significant gestures in the policy of recognition of Central American governments. And, in 1934, the Platt Amendment was repealed, putting an end to the legal mechanism that had justified the U.S. military interventions in Cuba.

After all this, the moment of truth came in 1938, with Mexico as the protagonist. It is difficult to exaggerate the transcendental importance of the expropriation of Mexico's oil by the Lázaro Cárdenas government in March 1938. As historian Clayton Koppes has pointed out, the nationalization of Mexican oil implied that, for the first time, a country that was not part of the capitalist center took possession of the resources of a basic sector of its economy.<sup>2</sup> As time went on, most oil-producing countries followed suit. What could the Roosevelt administration do in the face of a challenge of this kind? Force the Mexican government to step back with an aggressive diplomatic response that would act as an implicit threat of the eventual use of force or take advantage of the opportunity to demonstrate the sincerity of the Good Neighbor Policy, dealing with the oil question in the framework of scrupulous respect for Mexican sovereignty?

Washington's first reaction, encouraged by Secretary of State Cordell Hull, seemed to indicate a preference for an aggressive approach. Roosevelt suspended the purchase of Mexican silver and sent a communiqué demanding an immediate compensation in terms that were so aggressive that they could have sparked the break-off of rela-

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tions between the two countries. This was averted thanks to a suggestion by Josephus Daniels, the U.S. ambassador to Mexico: ignore the message and act as though it had never been received. The ambassador was not the only politician in the Roosevelt administration who opposed Cordell Hull's aggressive approach. Secretary of the Treasury Henry Morgenthau also expressed his disagreement, to the point of neutralizing the suspension of Mexican silver: instead of acquiring it through the bilateral agreement, he continued its purchase on the open market.<sup>3</sup>

For its part, the Mexican government not only did not succumb to the pressures of the most hostile partisans of its U.S. counterpart, but it also was able to re-channel the discussion to a terrain much more favorable to its own interests. Aware of the delicate international geopolitical moment, Mexican diplomacy opted to put forward the links between oil and international security. To explain Mexico's position and the gravity of what was at play, the contemporary example of the Spanish Civil War was particularly useful. At the end of the day, the analogies were easy to draw. Mexico, like Republican Spain, had a left-wing, non-Communist government that opposed the political trends of the time in Europe and Latin America. In the Spanish conflict, the alliance of the reactionary military and international fascism had received the decisive support of an oil company: Texaco. In the Mexican case, it was not difficult to imagine the insurrection of an ambitious military leader seeking financing by the companies affected by the nationalization, who could eventually add to that the air support from Nazi Germany and fascist Italy. Implementing a discrete, disguised intervention, European fascism could have taken over political control in Mexico and put at risk the security of the U.S. southern border. An anti-fascist Mexico with nationalized oil could be much more useful to Washington for the coming world war than one with privately-owned oil and a puppet government under the orders of Berlin and Rome.

Mexican diplomacy wielded these arguments with the force added to them by its brave example. Mexico had been

the first country to send arms to Republican Spain—even before the Soviet Union—and had defended the cause of Spanish democracy and international rule of law in the League of Nations. In addition, its humanitarian work in taking in refugee children had also made it stand out on the international stage. Its anti-fascist commitment was more than confirmed. At the same time, its big risk of nationalizing its oil invited the combination of its anti-fascist trajectory with hard-headed pragmatism. The intense pressure Mexico came under in the late 1930s was accompanied by an implicit threat: if the United States did not distance itself from the interests of the oil companies, Mexico could end up being forced to change its alliances. This threat was based on certain significant gestures throughout 1939, such as the return of Mexico's ambassador to Berlin and the sale of Mexican oil to the European fascist powers.<sup>4</sup>

The fact is that Cárdenas's arguments fit in very well with President Roosevelt's evolution with regard to the international situation and the possible consequences of the Spanish conflict. At the beginning of the war in Spain, Roosevelt had declared an arms embargo against it and shown enormous indifference about the final outcome of the war. By contrast, in 1938, the White House was identifying Francisco Franco as a danger and even considering the possibility of lifting the arms embargo despite the bad military situation of the Republican forces. The Good Neighbor Policy played a fundamental part in this change of opinion. The idea that a Francoist victory could have very negative effects on relations between the United States and Latin America was gaining strength in the president's inner circle. In the pre-war context, a Francoist Spain could use its influence and example as a bridge for the interests of Hitler's Germany and Mussolini's Italy in Latin America. The danger was particularly concerning in Mexico. In April 1938, Roosevelt explicitly used the analogy between Spain and Mexico to justify an increase in the Navy's budget at a press conference: "Suppose certain foreign governments, European governments, were to do in Mexico what they did in Spain. Suppose they would organize a revolution, a Fascist revolution in Mexico. ... Do you think that the United States could stand idly by and have this European menace right on our own borders? Of course not. You could not stand for it."<sup>5</sup>

In the end, diplomacy prevailed and the Roosevelt administration prioritized maintaining good relations with Mexico over the defense of the oil companies' interests. The peaceful, friendly resolution of the oil conflict had

enormous consequences for both countries. Mexico reinforced its economic sovereignty, creating a solid basis for the successful development policies that would mark the following three decades. Washington's Good Neighbor Policy opportunely passed the sincerity test and augurated an important change in strategic U.S. thinking: in contrast to policies followed by his Republican predecessors, Franklin Delano Roosevelt made it clear that, in case of a potential conflict, security considerations should prevail over short-term interests of big U.S. companies with assets abroad.<sup>6</sup>

Obviously, the main consequence of this historic episode centered on relations between Mexico and the United States. The alliance connecting the two countries became closer, facilitating Mexico's eventual participation in World War II. Cárdenas recognized that the Good Neighbor Policy was sincere and that, finally, the Monroe Doctrine's slogan of "America for the Americans" could be interpreted literally without the tragic ironies of the past. For its part, Washington continued to value the positive effects of economic and political stability south of its border. The beginning of the Cold War would put an end to a large part of the Good Neighbor Policy's most progressive promises, but the legacy of the successful oil nationalization would continue to condition relations between Mexico and the United States even today. **NMM**

## Notes

**1** Arnold A. Offner, *American Appeasement: United States Foreign Policy and Germany, 1933-1938* (Cambridge, Massachusetts: Belknap Press of Harvard University Press, 1969), pp. 238-239.

**2** Clayton R. Koppes, "The Good Neighbor Policy and the Nationalization of Mexican Oil: A Reinterpretation," *The Journal of American History*, vol. 69, no. 1, June 1982, pp. 62-81.

**3** Paolo Riguzzi, "Comercio, moneda y política de la plata en las relaciones México-Estados Unidos," in José Enrique Covarrubias and Antonio Ibarra, *Moneda y mercado. Ensayos sobre los orígenes de los sistemas monetarios latinoamericanos, siglos XVIII al XX* (Mexico City: Instituto Mora-UNAM, 2013), pp. 341-342.

**4** Lorenzo Meyer, *México y Estados Unidos en el conflicto petrolero, 1917-1942*, 2nd edition (Mexico City: El Colegio de México, 1972), pp. 391-393.

**5** Franklin D. Roosevelt, "A Special Press Conference with Members of the Associated Church Press," Washington, D. C., April 20, 1938, *The Public Papers and Addresses of Franklin D. Roosevelt, 1938 volume*, in *The Continuing Struggle for Liberalism: with a Special Introduction and Explanatory Notes by President Roosevelt* (book 1) (New York: Random House, 1938), pp. 255-256.

**6** David G. Haglund, *Latin America and the Transformation of U. S. Strategic Thought, 1936-1940* (Albuquerque: University of New Mexico Press, 1984).