

Study on the dollar diplomacy history essay



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Dollar diplomacy is the name by which the overseas expansion, dominance and growth has come to be the reality of the US citizens and its affiliates. It was basically an outgrowth of European imperialism since it involved cross border cooperation. It was a new form of financial imperialism that spread across the globe with major proponents being European countries. Though this was basically a trade policy under which the US aimed to collaborate with its trade partners in terms of trade and diplomatic relations, it was largely a financial policy that was to be used for union and formation of common currency between the collaborating partners. Rosenberg[1]notes that one of the goals of dollar diplomacy was to offer loan advances to unstable members in which US had interest of extending its power over.

This goal was however objected by majority of the American citizens especially the ant-imperialist who believed that extending loans to foreign nations while at the same time exercising control over them was a form of financial imperialism and exploitation in disguise. However the proponents of the policy especially President Wilson and his administration instead that having a foreign financial policy based on diplomacy would result into increased commercial activities abroad hence boosting the economic growth[2]The war of 1898 was sparked of by the America interest in the Cuban island that was by then enjoying good relations with Spain. Given that Cuba was 90 miles from US, it formed good industrial base for US and in the process making it to clinch the position of superpower. To maintain its superiority, it had to keep good watch over the allies so that other nations which were also becoming could not destabilize this superiority. This war was different from dollar diplomacy such it involved acquisitions of colonies and

establishment of power in those nations. This was the beginning of imperialism.

World War 1 had almost a similar goal, but this involved a tough battle between Germany and Russia. By supporting Japan through its foreign financial policy, US indirectly contributed to Russians' victory over Germany since Japan had become stable and could support Russia in all spheres. This indirect financing was extending the imperial era by the US who claimed to be neutral in the war and wanted the warring nations to have settled diplomatic negotiations. It is this war that weakened US superiority in Europe forcing it to find ways of forming a common goal between the major world countries. Thus indulged into the war as away of safeguarding its territories abroad and in long run caused the foreign problems with other nations[3].

There also existed a contrast between dollar diplomacy and the World War 1, in the sense that, while dollar diplomacy was US strategy of extending its dominance in the world economies, world war1 was brought about by the fall out between Russia and Germany over the international waters. The strategies of dollar diplomacy involved forming trade partnership between US and its members. This meant that all financial decision and control would be initiated and coordinated by US through its foreign banks and insurance companies.

The strategies of World War 1 involved direct war between the opposing blocks. These countries relied on their neighbors for support in ammunition and war men. There was any form of negotiation between these nations as it was the case of dollar diplomacy.

Dollar diplomacy was not a Wilsonianism attempt to expand US regime outside its borders. It was a new form of imperialism that was initiated by him to seek good cooperation with other nations. Long before he developed this policy, there existed other foreign relations that included trade relations, military relations and governance relations. US formed trade links with countries like Japan, Caribbean and Latin America and China. These relations helped to boost its economic performance thus increasing its foreign earnings

Military relations also existed between US and other nations like Israel and Russia. More arms and military gadgets could be transported from Israel to US so that its security remained stable and powerful. Most of these military relations forced US to establish some of its bases in Israel.

According to Rosenberg[4], dollar diplomacy was an extreme form of imperialism such that the nations seeking to establish superiority in weaker nations would claim to have intention of helping them grow and achieve prosperity. The new imperialism is quite different from the past. The past imperialism involved developed nations acquiring colonies through use of force, establish their systems of government in those colonies and seek ways of expansion. Most of these colonies were endowed with rich natural resources that the colonizers did have. Thus the only way to acquire these rich minerals was by seeking either collaboration or force to establish their contacts. A good example of past imperialism was in Congo where King Leopold II of Belgium claimed to bring missionaries to foster education and other social development but in the long run exported more of minerals back to his nation making huge profits and leaving Congo in greater poverty.

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Thus dollar diplomacy represents a new form of imperialism where developed nations are extending their dominance in the less developed nations. U. S. is strongly fighting to maintain its dominance in the world today[5]. This is because there are other tough nations which are seriously challenging the policies of US by coming up with alternative foreign policies which are extended to third world countries. An example is China that is establishing commercial institutions in less developed countries of Africa.

According to Merrill & Paterson[6], Dollar diplomacy has triggered of a number of foreign relations problems between US and other problems. Reduced cooperation is one of the major problems that has sparked this stiff competition. By indulging into foreign affairs like extending firm condemnation against some nations, for instance Iran from producing nuclear energy with the fear that it might use the weapons to collaborate with other nations and unite to reduce US supremacy has raised great oppositions from the citizens of US. Some of them believe that US should focus on its economic performance, create more jobs instead of investing more funds in foreign nations. They claim that to establish good relations US should only seek trade partnerships and should not aim at influencing some activities of those it chooses to partner with.

The continued imperialism is largely demonstrated by the US conduct in the global performance, governance and economics. Through her foreign reserves, US has been able to advance foreign loans to less developed countries with some imposing conditions that it remains the major supervisor of the loan usage and investment. Similarly because of the continued dominance and superiority aspect, the world has remained dependant on the <https://assignbuster.com/study-on-the-dollar-diplomacy-history-essay/>

dollar as its main currency. Most goods are measured in terms of dollar performance and even the major minerals like Gold also depend on the stability of the dollar.

It is because of super currency that has resulted into hostility into foreign problems with some powerful nations such as china which are seeking to dominate the world devising other mechanisms of eliminating US dominance. These nations are extensively involved in foreign investment in third world countries and are reluctant to form trade alliances with US, with the fear of being sidelined. Thus this dollar diplomacy is taking a new turn such that US is claiming to be seeking expansion of its business activities abroad by helping less developed nations become stable and in the process attaining some good degree of power over them. This is resulting into continued imperialism which is now taking new dimensions of approach.

Dollar diplomacy is a modern form of imperialism that is relying entirely on the white supremacy and dominance. Because of ever rising economic conflicts between china and the United States of America, various negotiations are being carried out by US with governments of third world countries so that capital ventures can be established in these countries.

Capital ventures are being undertaken by what US terms as financial missionaries sent out to the world to bring more profits to US[7]. These financial missionaries are extending their investments in insurance companies, money markets and money institutions to finance their investments projects. Upon receipt of this capital, these institutions are expected to comply and follow the US way of operations, structure and

governance resulting into a new form of imperialism which is not exploitative but modern form of slavery. Thus in as much the world economies strive hard to achieve full independence they still have to face new imperialism which is now taking modern form and approach.