The Business of Empire: American Capitalists, the Nicaraguan Canal, and the Monroe Doctrine, 1849-1858

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THE BUSINESS OF EMPIRE: AMERICAN CAPITALISTS, THE NICARAGUAN CANAL,
AND THE MONROE DOCTRINE, 1849-1858

By

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Thesis

presented in partial fulfillment of the requirements
for the degree of

Master of Arts
In History

The University of Montana
Missoula, MT

May 2017

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The Business of Empire: American Capitalists, the Nicaraguan Canal, and the Monroe Doctrine, 1849-1858

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In the mid-nineteenth century, U.S. policymakers designed foreign policy to enhance the reach of American commerce and create a commercial empire in and through Latin America. To create this empire U.S policymakers wanted to construct a canal through Central America, which they envisioned as a joint enterprise between American businesses and the federal government. In 1849, Cornelius Vanderbilt and his associates reserved a charter from the Nicaraguan government to build and operate a canal and transit route through their county. Yet competition between varied business interests prompted the U.S. destruction of the Nicaraguan port city of San Juan del Norte and the rise of filibuster William Walker.

This thesis argues that the 1854 bombardment of San Juan and the 1857 and 1858 arrests of Walker defined the Monroe Doctrine and constituted a vital turning point in the United States’ position in Central America. To grow the reach of U.S. merchants, Monroe had proclaimed the Western Hemisphere under the protection of the United States. But the doctrine left unclear how the U.S. would impose its control over the region. The events in Nicaragua set the course for how the United States would achieve a commercial empire in the following decades. Critical to these developments was the changing role of American businessmen in foreign policy and commercial growth. Before these events, policymakers had encouraged businessmen to take the lead, but the problems in Nicaragua caused policymakers to place military force at the forefront of expansion.
Contents
Acknowledgment ........................................................................................................ iv

Introduction: The Conversation Begins ................................................................. 1

Chapter 1: Big Trouble in Little San Juan ............................................................. 11

Chapter 2: Unlawful Entry ..................................................................................... 44

Conclusion: Towards a New Day ......................................................................... 78

Bibliography ........................................................................................................ 84
Table of Figures

Figure 1. Map of Central America, showing the pretended boundaries of the “Mosquito Kingdom,” the route of the proposed canal, etc., by E.G. Squier, 1849. [No. 1], 1849. ................ vi

Figure 2. Map of Central America, showing the pretended boundaries of the “Mosquito Kingdom,” the route of the proposed canal, etc., by E.G. Squier, 1849. [No. 1], 1848 (zoom in on San Juan) .............................................................................................................................. 17

Figure 3. Central America, Greytown Harbor, surveyed by John Richards, Master; assisted by William K. Bush, Lieut. of H.M.S. Geyser, Commander Thomas Wilson. April 1853. [Plate 55], April, 1853. .............................................................................................................................................. 23
Acknowledgment

When I came to the University of Montana, I had the vaguest of ideas of what I would research. At that time, I thought I might look into westward expansion, Manifest Destiny, and the Mexican American War. But I really had no clue what I could add to these topics. During my first semester, I took Jody Pavilack’s writing course in U.S.-Latin American relations. I thought I would write about the Mexican-U.S. border. After a few weeks of fumbling around in the library looking for inspiration, I had nothing. So, I did what any graduate student with no direction does, I went to my advisor Kyle Volk and asked him for ideas. He suggested that I take a look into filibusters and see if there was anything there to write about. That suggestion led me down a path I never expected I would take. My research, which began as paper into northern capitalist who supported Cuban annexation in the 1850s, has morphed into a thesis on a pivotal moment in the implementation of the Monroe Doctrine and the growth of the American Empire. I am still not sure how I got here, but that is the best thing about research, you let the sources guide you.

These last two years would not have been possible without the amazing support I received from the professors at the University of Montana. I was lucky to have Kyle Volk as my advisor. He is a driven historian and educator, and in such dire times, having a positive person in my corner, always pushing me to be better was exactly what kept me motivated. This thesis would not have been possible without Jody Pavilack. Her classes and knowledge on Latin America allowed me to get this project to where it is today. I also need to thank Richard Drake. His insight into the history of American Imperialism inspired me to try and understand how the backwater of the Atlantic World turned into an empire.

I also need to give a big thank you to my fellow graduate student, Marline, Jared, and Johnny. You kept me sane through this process. Being in graduate school can be isolating, but
you looked out for me. Thanks for listening to me talk about nineteenth century foreign policy, way more than I am sure you wanted to. So long and thanks for all the beers.

There is no group that has been more supportive than my family. Although I saved you all for last, you have been to most important to me. My parents: Tina, John, Joe and Cindy—thank you for all your support, graduate school is not a lucrative gig. Without all of you I would have been eating more Top Ramen than is humanly safe. But all jokes aside, every one of you helped me to achieve something I never thought possible. And my loving and supportive partner Jacquelyn, you have probably listened to me talk about this project more than anyone (and I’m sure you are glad I am finished too). Thank for listening to me rant, cry, and vent. It really does mean the world to me. Thank you all, even those I am sure I left out, for making this possible. Ten years ago, I could have never imaged that I would be getting a master’s degree; not bad for a punk that did not graduate high school.
Figure 1. Map of Central America, showing the pretended boundaries of the "Mosquito Kingdom," the route of the proposed canal, etc., by E.G. Squier, 1849. [No. 1], 1849.
Introduction: The Conversation Begins

In the mid-nineteenth century, the United States was at a crucial stage in its growth as a nation and as a global power. After the nations of Central America fought and won their independence from Spain, it seemed to U.S. policymakers that Europe had lost its dominance in the region. In response, the United States established two policies that forged the nation’s commercial empire in the following decades. The first came in 1818, when Congress updated the 1794 Neutrality Act to stop U.S. citizens from fighting against the Spanish in Central America. Congress had passed the act to give President Washington the authority to halt American citizens from aiding France in its war with Britain. Although the U.S. strove to “break the British stranglehold on Atlantic commerce,” policymakers understood that Britain was the nation’s largest trading partner and could not allow war to disrupt trade.¹ Twenty-four years later U.S. policymakers faced a similar problem. They wanted Spain out of the Western Hemisphere yet feared that war with Spain would endanger U.S. commerce so they mandated that American citizens not aid in Central America’s wars for independence.

The second policy came in 1823 when President James Monroe declared that the powers of Europe could not establish colonies in the Americas. James Monroe and John Quincy Adams created the doctrine in response to Russian and British encroachment in North America and to support the new republican governments in Central America. To Monroe, monarchies endangered the safety and freedom of the United States. In short, Monroe mandated that the Western Hemisphere be a hemisphere of republics. Although the doctrine explicitly told the monarchies of Europe that the United States would not allow them to colonize the Western Hemisphere.

Hemisphere, it was not explicit about how the U.S. would enforce this policy. Yet even with the unclear nature of the doctrine, federal policymakers and American businessmen would use it to justify economic and political expansion into Central America.

With the formation of the Federal Republic of Central America in 1823, U.S. policymakers were less worried about Spain. Great Britain, however, still had a stronghold on the region and could use its trade, capital, and superior navy to thwart U.S. commercial expansion. The relationship between the U.S. and Britain strained even further after the U.S. won the Mexican War in 1848 and acquired mineral-rich California. Without a transcontinental railroad connecting the nation, the fastest way to reach California was through Central America. U.S. policymakers pushed for a canal through the isthmus, but British control of the Mosquito Coast, a long strip of land along the Caribbean coast stretching from Belize to Costa Rica, virtually ensured that the two nations would come into conflict.

The idea of a canal through Central America had surfaced as early as the mid-1830s, but during the late 1840s, the U.S. government began seriously pursuing a waterway through Nicaragua. This plan to connect the now continent-spanning nation was part of a larger policy to grow U.S. commerce. The gold from the west had financed merchants on the east coast, who now wanted new markets to sell their goods. To reach Asian markets, merchants desired ports in the Caribbean and the Pacific, but most importantly, they needed a canal to connect the two oceans. The State Department tasked its diplomatic corps with securing the rights for a canal through Central America and imagined U.S. merchants profitably exporting goods and

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increasing American influence in the wider world. In the minds of statesmen and businessmen alike, a canal was the key to expanding U.S. commerce and the empire.

In the mid-nineteenth century, U.S. policymakers designed foreign policy to enhance the reach of American commerce and create a commercial empire in and through Latin America, based on the British model of empire building. Federal policymakers envisioned the canal as a joint enterprise between private companies and the federal government. American entrepreneurs would build the canal, and as an incentive for doing this important work, they could charge a small fee for its use. In return, the U.S. government would protect the owner’s investment by stationing, as U.S. Minister to Nicaragua E.G. Squire described, “vessels of war” in the region. Not willing to wait for the State Department, Cornelius Vanderbilt and his associates obtained the right from the Nicaraguan government for their American Atlantic & Pacific Ship Canal Company (AAPSCC) to build and operate a canal in 1849. While the AAPSCC prepared to build the canal, the group incorporated another company in Nicaragua, the Accessory Transit Company (ATC), which transported passengers through the country along the San Juan river. The board of the ATC could not see past their profits. Because of the U.S. government’s military and diplomatic protection, they believed they had permission to operate unchallenged in the region. Yet the State Department aimed to expand commerce by securing passage through the isthmus, not simply ensuring that the ATC turned a profit. This disconnect led to a convoluted struggle between multiple factions—competing American businesses and various local and

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6 Ibid., 17-18.
7 Ibid., 434.
foreign governments—for control of the region and the future canal. These conflicts ultimately frayed the unity between federal policymakers and the ATC, leaving the canal project dead in the proverbial water.

The flashpoint in this complicated conflict was San Juan del Norte, a small town located along the Mosquito Coast at the mouth of the San Juan river. The tiny town created big problems for the United States and the ATC when, in 1852, a group of small-time businessmen and expatriates from the United States, Britain, Germany, and France, declared the town independent, wrote a constitution, and elected a government. U.S. politicians might have celebrated the creation of a democratic government in the region, but the new government threatened U.S. control of transportation through Nicaragua when it claimed authority over the ATC. In July 1854, to safeguard the property of the ATC and the future canal, the United States’ Navy destroyed the town and its government.\(^8\) This use of force convinced American investors that they could rely on the American state to protect their investments outside the country. Indeed, the interests of American businessmen and the aims of the American empire apparently trumped any commitment U.S. policymakers had to promoting sovereign, self-government in the region.

After the destruction of San Juan, the situation grew more complex as multiple private and government factions vied for power in the region. Since the 1839 collapse of the Federal Republic of Central America, Nicaraguan liberals and conservatives fluctuated between an uneasy peace and civil war. In 1855, during another round of fighting, the liberal opposition government invited the American, William Walker, to help win the war against the conservative government. Walker ended the civil war and made himself President. While Nicaraguans were

fighting each other for control of their country, a power struggle erupted over the control of the ATC, which left Vanderbilt feeling betrayed by Charles Morgan and Cornelius K. Garrison. By 1855, Vanderbilt used the stock market to regain control of the ATC. To ensure he stayed in control of the lucrative Nicaraguan transit route, he financed Walker’s war in Central America. But this alliance did not last. Morgan and Garrison convinced Walker’s government to confiscate the ATC’s property and hand it over to them. To ensure Walker stayed in power, Morgan and a group of investors who owned property in Nicaragua formed yet another organization, Our Indian Empire (OIE). This group sent Walker supplies and troops, which entangled U.S. citizens in a foreign war and undercut the neutrality of the United States.

Adding to an already messy situation, Walker and his U.S. supporters drew Britain into the so-called Filibuster War. Fearing a similar fate as Nicaragua, the governments of Costa Rica, Honduras, and El Salvador declared war on Walker and petitioned the British government to help them. Believing that Walker was an agent of the United States, the British military supplied the Central American nations with supplies to ensure the filibuster’s removal from the region. Meanwhile, the U.S. government wanted to stop them for their own reasons. Allowing American citizens to fight and bankroll Walker’s war undermined U.S. neutrality, which could endanger trade. Although President Pierce initially recognized Walker’s government, Walker was not part of a larger U.S. conspiracy to take control of Nicaragua. Once the Filibuster War endangered the United States’ neutrality, Pierce ordered the navy to bring Walker back to the United States.

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Policymakers knew Britain controlled the seas and if it considered the U.S. a war belligerent in Central America, its navy would step up its inspection of U.S. merchant ships and seize goods deemed as contraband. Pierce was unwilling to allow business-sponsored military violence to destabilize the state’s foreign policy agenda, and therefore, the government suppressed the filibusters, which caused U.S. citizens to lose their investments in Nicaragua. Believing that neutrality was fundamental to the growth of American commercial empire, U.S. policymakers chose neutrality over armed conflict.

This thesis argues that the bombardment of San Juan and the arrest of Walker defined the Monroe Doctrine and constituted a vital turning point in the United States’ position in Central America. To grow the reach of U.S. merchants, Monroe had proclaimed the Western Hemisphere under the protection of the United States. But the doctrine left unclear how the U.S. could act in imposing its control over the region. The events in Nicaragua set the course for how the United States would achieve a commercial empire in the following decades. Critical to these developments was the changing role of American businessmen in foreign policy and commercial growth. Before these events, policymakers had encouraged businessmen to take the lead, but the problems in Nicaragua caused policymakers to place military force at the forefront of expansion. At first, the United States used the guise of protecting the ATC’s property to justify military action. But after the members of the ATC and OIE supported an illegal filibuster, federal policymakers could no longer trust their own citizens to implement their vision. The United States’ use of force, including and especially against its own citizens, to destroy San Juan and arrest Walker, strengthened the Monroe Doctrine and opened the door for the U.S. to act with impunity in Central America. Indeed, this critical series of events established a precedent for the

U.S. to invade nations and even overthrow governments to protect its economic and imperial interests.

In suggesting that U.S. intervention in Nicaragua in the 1850s was a defining moment in the implementation of the Monroe Doctrine, this thesis provides new insight on the history of American foreign policy. Historians have long noted that since its inception, the Monroe Doctrine has been “foundational to U.S. foreign policy,” because it proclaimed the European monarchies could not colonize the Western Hemisphere, which was to be now under the control of the United States.\textsuperscript{14} But as journalist Scott Nearing pointed out, the doctrine had done more to get the U.S. into Latin America than it had done the keep the powers of Europe out.\textsuperscript{15} Later historians have followed suit, examining how the policymakers used the doctrine to justify U.S. expansion into Latin America. These works, however, focus on post-Civil War America and portray a static view of the doctrine.\textsuperscript{16} Rather than portraying the Monroe Doctrine as static, historian Jay Sexton argues that the doctrine was not a monolith forged by Monroe and Adams in 1832. In this view, the Monroe Doctrine was a conversation shaped by the actions of later policymakers.\textsuperscript{17} This thesis follows in this vein by exposing how pre-Civil War events changed the conversation by forging a Monroe Doctrine with military interventionism at its forefront.

This thesis exposes how the actions of U.S. entrepreneurs sewed discord between the U.S. government and American businessmen. This conflict, in turn, caused policymakers to

\textsuperscript{15} Scott Nearing, \textit{The American Empire} (New York: Rand School of Social Science, 1921), 202-203.
rethink their strategy to achieve a commercial empire. Historian Greg Grandin points out that as the nineteenth century wore on, the federal government took control over imperial expansion. Yet he does not delve into what caused this shift in policy. By focusing on the disunion in Nicaragua, this work exposes a key moment in this transformation and thus adds to the scholarship on the early American Empire and the relationship between the federal government and American businessmen in empire-building. This thesis is informed by, and builds on, scholarship of the American Empire, which argues that the federal government and the State Department implemented foreign policies, shaped by its economic and military capability to create an empire. By concentrating on Nicaragua in the 1850s, this thesis expands the timeline of American imperialism outside U.S. borders. In doing so, it places the beginning of U.S. imperialism before the Civil War.

There has been little attention paid to the importance of San Juan or how the U.S. bombardment was a turning point in U.S. policy towards Latin America. Even historians who claim that the United States used Latin America as a testing ground for developing its empire tend to overlook or mischaracterize the town’s destruction because they neglect the ATC’s role in the affair. San Juan also tends to be ignored by historians who focus on race and slavery as the defining objectives of mid-nineteenth century U.S. policy in Latin America. Race is an

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important lens of analysis in which to view U.S. - Latin American relations, yet, doing so without examining economic interests, such as those of the ATC and OIE, neglects the connection between racism and global capitalism. Conversely, historians who focus on commerce miss the larger story as well. Lars Schoultz, although primarily focused on race, contends that self-interest drove U.S. policy in Latin America but racism determined how it implemented those policies. Only by acknowledging that race and economics worked in tandem can historians fully understand U.S. policies in Latin America.

Connecting the bombardment of San Juan and the arrest of Walker to the growth of the commercial empire challenges scholarship on filibusters that portrays Walker as an arm of southern expansion. An emphasis on Walker’s southern backers overlooks the northern entrepreneurs who supported him to increase the profits of their corporations. As historian Thomas F. O’Brien described him, Walker was a typical “middle class” American who “turned to high-risk adventuring…to secure his place in America's often chaotic marketplace society.” By viewing Walker as an entrepreneur who also supported slavery, this thesis adds to the history of capitalism and slavery. As historian Mathew Karp contends, in the mid-nineteenth century, it

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was not clear that capitalism could prosper without slave labor.\textsuperscript{26} Walker’s northern financial supporters embody this unity between slavery and capitalism.

The first chapter explores the Accessory Transit Company’s relationship to the U.S. government as it operated transportation through Nicaragua. Focusing on this relationship and how it led to the naval bombardment of San Juan, it exposes how the destruction of a small town and its government was a turning point in the interpretation of the Monroe Doctrine. The second chapter focuses on the fallout of San Juan’s destruction. The owners of the ATC and the members of OIE interpreted the bombardment, not as the federal government protecting its interest, but as the state giving them carte blanche in Nicaragua. This misinterpretation led entrepreneurs to support and finance William Walker’s conquest. To protect U.S. commerce, Presidents Pierce and Buchanan used the navy to arrest Walker, which, in turn, caused his supporters to lose their investments. Again the U.S. inserted itself into Central America’s affairs to protect its interests. After Walker’s arrest, the Secretary of State, Lewis Cass, negotiated a treaty that gave the United States the authority to station troops along the canal route and intervene in local disputes. Although the Nicaraguan government never ratified the treaty, its terms show that U.S. policymakers had shifted course in Central America. Because of its conflicts with entrepreneurs, the U.S. government became less reliant on corporate interest taking the lead in expanding the commercial empire.

\textsuperscript{26} Mathew Karp, \textit{This Vast Southern Empire: Slaveholders at the Helm of American Foreign Policy} (Cambridge: Harvard University Press, 2016), 28.
Chapter 1: Big Trouble in Little San Juan

On July 13, 1854, the United States Navy destroyed the Nicaraguan port town of San Juan del Norte. At 9 a.m. Commander George N. Hollins ordered his men to open fire on the city. The Commander was under instructions to punish the people of San Juan for stealing and damaging the property of the Accessory Transit Company (ATC) and for jailing Solon Borland, the U.S. Minister to Nicaragua. This was not Hollins’ first trip to the town to protect the property of the ATC. In 1853, the democratically elected government of San Juan and the ATC were at an impasse over the location of the company’s dock. To boost the economy of the city, the government ordered the ATC to move its operation from Punta Arenas—a sand bar across the San Juan Bay—into the city. The board of the ATC rejected the request and refused to recognize the authority of the newly elected government. In retaliation, the town’s militias destroyed the company’s storehouse and hotel. The only thing that saved the rest of the buildings was Hollins, who landed marines on Punta Arenas to protect the company’s property and secure passage through Nicaragua.

Now, a year later, President Franklin Pierce ordered Hollins to return to San Juan. This time he was not only defending the property of the ATC, but also the honor of the United States. A mob of San Juan residents had attacked and wounded Solon Borland after he interfered in the arrest of the ATC’s ship captain T.T. Smith. Hollins gave the people of San Juan twenty-four hours to reimburse the company for the damages to its property and to make a formal apology to the United States for defiling its minister. Unable to pay, the townspeople fled to the nearby jungle. U.S. seamen pummeled the city with shells for six hours. Yet after the cannons ceased for the final time that day, buildings in the city still stood. Not satisfied with the amount of
devastation, Hollins ordered the marines to enter the city and set it ablaze. By sundown, all that remained of San Juan del Norte was ash and rubble.27

To British observers who watched from a ship in port, the attack on San Juan was another case of Yankee ineptitude. What it took the U.S. Navy all day to complete, the British could have accomplished in hours and without resorting to fire.28 The British scoffed at the U.S. Navy’s inability to appropriately destroy the town, but their focus on American military shortcomings overlooked the importance of what the bombardment represented. Yes, Hollins needed to resort to fire to wipe the city off the map, but in doing so he helped set the course for American foreign policy in Central America.

Using the events leading up to the American attack and its immediate aftermath, this chapter exposes how federal policymakers used property rights as a justification to increase U.S. dominance in Central America. Although the destruction of San Juan del Norte was not the first time the U.S. used its navy to extract revenge for perceived slights to American business interests, San Juan was different. In 1852, the people of San Juan had established a constitutional democracy, elected the American T. J. Martin as mayor, and opened to U.S. investment. It seems that the people of San Juan would have nothing to fear from the United States. This chapter contends that the attack on San Juan was a turning point in the United States’ policy in Central America. The U.S. government had used military force against pirates and non-white nations before. But this was the first time the U.S. deposed a democratically elected government in Central America. In doing so, the bombardment of San Juan reshaped the Monroe Doctrine. It no longer only told the powers of Europe to stay out of the Western Hemisphere. Now it gave U.S.

policymakers the power to ensure that no one, not even U.S. citizens, hindered its economic interests.

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The destruction of San Juan was rooted in the foreign policy approach that American policymakers had taken over the previous sixty years. Since its inception, the United States had adopted a policy of unilateralism with a focus on autonomy, aversion to alliances, and armed neutrality.\(^\text{29}\) Statesmen understood that for the nation’s economy to prosper the country needed Europe as a trading partner. But to keep the nation out of conflict and to protect commerce, presidential administrations, beginning with George Washington’s, opposed European alliances. They designed policy that ensured the U.S. was part of the international community but not bound to international laws that infringed on trade and expansion. In 1794, George Washington laid the cornerstone for U.S. foreign policy when, in response to war between Britain and France, he pushed Congress to enact the Neutrality Act. Since France had supported the American Revolution, U.S. citizens felt compelled to assist France in their fight against Britain. Washington, however, believed that if U.S. citizens fought with France it would drag the nation back into war with Britain, disrupt trade, and otherwise threaten his young nation. In theory, keeping the nation neutral and out of European war supported U.S. merchants and allowed them to trade freely with all nations. In reality, this was not always the case. Despite American neutrality, Britain interfered with U.S. commerce in the early national period. Ending this practice—and protecting American trade through neutrality—was a consistent aim of the presidential administrations from Washington to Buchanan.\(^\text{30}\)


The Neutrality Act returned to the forefront of U.S. foreign policy in 1818. Since the American Revolution, U.S. citizens and politicians had believed that they were the vanguards of freedom and democracy. This self-aggrandizing myth drove American citizens to aid their neighbors in Central America during their republican revolutions against Spain. To keep American citizens for dragging the United States into a war with Spain, Congress updated the Neutrality Act to prevent citizens from using U.S. soil as a staging ground for war “against the territories or dominions of any foreign prince or state, or any colony, district, or people, with whom the United States is at peace with.” By stopping U.S. citizens from aiding in these revolutions, the law told the powers of Europe that the U.S. would not interfere in their business.

The Monroe Doctrine became the other side of the foreign policy coin. While the Neutrality Act kept the U.S. out of European affairs, the Monroe Doctrine demanded that the powers of Europe reciprocate. Like the Neutrality Act of 1818, Latin America was the impetus for the Monroe Doctrine. In 1832, fearing European recolonization of the newly independent nations of Latin America, President James Monroe declared that the United States would never again allow the powers of Europe to possess territory in the region. U.S. politicians believed that European colonies in the Americas threatened the security and commercial interests of the United States. To protect their interests, the U.S. government pushed an expansionist yet anticolonizationist agenda to ensure its predominance in the region. Policymakers seemed to believe that the best way to keep Europe out was to have independent republics in the Western Hemisphere that looked to the United States for guidance. But the Monroe Doctrine was not clear on what actions the U.S. could take to secure its new sphere of influence.

By the mid-nineteenth century the U.S. stakes in Latin America—and by extension the Monroe Doctrine—had changed. With the conclusion of the Mexican War in 1848 and the acquisition of California, U.S. policymakers urgently needed a way to connect their growing nation. They envisioned a canal through Central America that would bring the newly discovered gold from California back to the east coast. Policymakers wanted American businessmen to take the lead in constructing and operating the transportation route. With the Gold Rush in full swing, it was not long before a group of entrepreneurs took up the task. This canal would not only connect that nation but would give U.S. ships, both military and civilian, a route to the Pacific islands and Asia. But since Great Britain claimed the Mosquito Coast as a protectorate, if the U.S. was going to control transit through Central America, policymakers needed to find a way to enforce the Monroe Doctrine.

The desire to build a canal though Central America was not a new one. Since the 1830s, the U.S. and other European powers had tried to build a transit route but by mid-century none had been successful. In 1838, the French proposed a railroad through the isthmus but lacked the funds to complete it. They then tried to construct a canal through Nicaragua, which met the same fate.\textsuperscript{33} The massive engineering project did not have a legitimate chance to come to fruition until a decade later when a company led by Cornelius Vanderbilt, Joseph L. White, and Nathaniel Wolfe reached an agreement with the government of Nicaragua to construct a canal through the country. In the spring of 1849, Vanderbilt met with Secretary of State John M. Clayton to discuss the canal project, and Clayton assured Vanderbilt that the federal government supported his endeavor.\textsuperscript{34}

\textsuperscript{34} Ibid., 2.
Clayton was a long-time champion of a canal through Central America. While serving as a Whig senator from Delaware, Clayton pushed for economic development through a strong national bank, federal funding of internal improvements, and protective tariffs. His concern for economic prosperity led him to focus on foreign affairs. Although his party pushed for close relations with Britain, Clayton worried that given the chance Great Britain would build a canal and exclude U.S. shipping. This fear led him to sponsor an 1835 Senate Resolution that asked President Jackson to open negotiations with Central America and New Granada to obtain the rights to build a canal.\textsuperscript{35} The resolution required that these rights would not belong to the U.S. government. Instead, federal policymakers hoped to procure them for an American “capitalist” who would build and then operate a canal. A “reasonable toll,” they imagined, would serve as compensation—and incentive—for this important work.\textsuperscript{36} Indeed, the diplomatic arm of the American state combined with the power of American capitalism would expand the American empire and dominate the Western Hemisphere. Although nothing came from these early negotiations, they expose why Clayton as Secretary of State focused his later attention on the canal and U.S. commercial expansion.

With the backing of the State Department, in 1849, Cornelius Vanderbilt and Joseph White formed the American Atlantic & Pacific Ship Canal Company (AAPSCC) with the sole objective of constructing a passage route through Nicaragua.\textsuperscript{37} This planned canal excited

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\footnotesize{\textsuperscript{37} \textit{Charter and Act of Incorporation of The American Atlantic & Pacific Ship Canal Company, as Amended: also Treaty of Protection Negotiated Between the United States and Great Britain; and Charter Granted by the State of Nicaragua to The Accessory Transit Company} (New York: Wm. C. Bryant & Co., 1852), 3.}
\end{flushleft}
Clayton and the Chargé d’Affaires to Nicaragua, Ephraim Squier. The route would be shorter than the existing overland route through Panama. By building a canal in Nicaragua, U.S. ships would shave off three-hundred miles on the Atlantic side and six-hundred miles on the Pacific side from their trips from New York to San Francisco. The men were also enthusiastic about the terms of the charter. Although incorporated in Nicaragua, the owners and a majority of the stock holders of the transit and canal companies were U.S. citizens. Even though the company was technically Nicaraguan, the charter allowed the State Department to put its full power behind protecting the property of their citizens. Some of the other stipulations, however, would come back to haunt the company.

Figure 2. Map of Central America, showing the pretended boundaries of the “Mosquito Kingdom,” the route of the proposed canal, etc., by E.G. Squier, 1849. [No. 1], 1848 (zoom in on San Juan)

The contract gave the company free use of all public lands needed to construct the canal, but the unfettered access to natural resources came at a price. The Canal Company had to pay ten thousand dollars upfront, and another ten thousand each year after that, along with ten percent of its net profits for the right to build and operate a canal. Nicaragua also compelled the company to donate two hundred thousand dollars’ worth of stock to the country. The Canal Company also needed to complete the project in a timely manner. If the company did not complete the canal within twelve years, the project and all the property connected to it would revert to the Nicaraguan state. After the ratification of the charter by the Nicaraguan legislator, the Canal Company incorporated another entity, the Accessory Transit Company (ATC), which operated and oversaw transportation through the nation.39 Although the U.S. State Department championed the contract, the construction of a transportation route through Nicaragua would cause problems for the United States and the ATC. Even before the Nicaraguan government ratified the contract, European encroachment jeopardized the canal project.

In April 1848, the British government seized the port town of San Juan del Norte, the Atlantic terminal of the proposed canal, claiming that the land belonged to the Mosquito Indians. This tribe lived along the east coast of Nicaragua, and the British intended to protect the tribe and their land from infringement. The Nicaraguan government petitioned the United States for help, and president Zachary Taylor assured Nicaragua that the U.S. would do what it could to “obtain redress” for them.40 The banking industry in London pressured the British government to stop the Canal Company from fulfilling its contract with Nicaragua.41

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had contracted a London-based bank to construct and operate two custom houses along the coast; however, the new contract with the Canal Company authorized them to take over customs operations. Great Britain complained to the United States about this infringement on their bank’s rights, but Squier assured Clayton that England’s dissatisfaction would not lead them to impede the canal’s construction. Its completion was just as important to British merchants as it was to those in the United States. Elijah Hise, the Chargé d’Affaires in Guatemala, was not as optimistic. He told Clayton that “a pledge of the [sic] powerfull protection of our Government” would ensure the canal’s completion and that Great Britain could not take control of the “weak state of Nicaragua.” Although there would never be a military altercation between the U.S. and Great Britain, Hise’s assessment was closer to the truth. As the tension over San Juan persisted, the United States ratcheted up its rhetoric over protecting its citizens’ property rights and had less restraint using military force.

San Juan was not the only issue the United States had with Britain in Central America. After Honduras was unable to pay back a $30,000 loan, Britain confiscated the Tigre Island off the country’s west coast. Controlling the island gave Britain control of the Pacific coast from Panama to San Diego, California. This military action came a few days after the United States signed a treaty with Honduras, which allowed the Canal Company to use its ports and the U.S. Navy to construct a base along its coast. Squier hoped the new treaty with Honduras would protect Nicaragua and the canal from European—mainly British—influence. He knew that Nicaragua was militarily and financially weak, which left them vulnerable to British gunboats and loans. He saw the canal as the key to both Nicaragua’s and the United States’ success. The

43 Ibid., 385.
profits Nicaragua made from the canal would financially strengthen the nation and lessen its reliance on foreign loans. After the conquest of the Tigre Island, Squier warned Clayton that he feared the British would resort to “desperate and disgraceful measures” to “prevent the American Ascendancy.” Nonetheless, Clayton believed in diplomacy and assured Squier that he would deal with the British and come to a mutually beneficial agreement.44

After Britain took San Juan del Norte, Tigre Island, and claimed a protectorate over the Mosquito Indians, the United States had little choice but to negotiate. In the spring of 1850, Clayton met with his British counterpart Sir Henry Lytton Bulwer to come to an agreement over Central America and an isthmus transportation route. Joseph White, part owner and lawyer for the transit and canal companies, was at the negotiating table to represent his company’s interest.45 As a Whig, Clayton wanted better relations with Britain but he differed from his Whig colleagues in his belief in the Monroe Doctrine. Although he did not support territorial expansion, because he opposed the spread of slavery, he wanted to ensure that Europe had limited influence in the Western Hemisphere so the U.S. could expand commerce in the region. In the negotiations with Britain, he used the Monroe Doctrine to ensure that U.S. merchants had the right to transport across Central America.46

The treaty’s main points were that neither government could “obtain or maintain…exclusive control” over the canal. Both parties would protect the canal and the operator; however, either party could choose to opt out if they deemed “that the person undertaking or managing” the canal was running it in a way that was “contrary to the spirit and intention of the convention.” This protection would extend to all cross-isthmus transportation,

44 Ibid., 384-385, 418-422, 405.
45 Dando-Collins, Tycoon’s War, 13.
including railroads and carriage routes. Neither nation would fortify the canal or colonize Nicaragua, Costa Rica, the Mosquito Coast, or any part of Central America. Clayton believed that because the treaty secured the “protection of the British Government to the Nicaragua Canal” it would protect “the weak sister republics of Central America from foreign aggression.” The Secretary hammered home the importance of the treaty to the U.S. diplomatic core and ordered them to ensure that no incident could occur to hinder its ratification. None did, but even the Clayton-Bulwer Treaty could not prevent the controversy that would soon surround the Nicaraguan Canal.

Clayton stepped down as Secretary of State and went back to the Senate after he signed the treaty in April 1850. This gave him the chance to defend his work from the attacks of the Anglophobes Lewis Cass and Stephen Douglas. These men argued that because the treaty let Britain stay in Central America it violated the Monroe Doctrine. But Clayton understood that Britain was not going to leave Central America, and he argued that because the treaty kept Britain from dominating the region it complied with the doctrine. Clayton’s argument carried the day and swayed Cass and Douglas to approve the treaty. The chamber ratified it with a vote of 42-11. The ease of its passing was in a large part due to vague wording of each nation’s obligation, which left it open for interpretation. The State Department found it difficult to implement and enforce its reading of the treaty. With the Monroe Doctrine as a guiding policy, the U.S. believed the treaty forced Great Britain to give up its holdings in the region. While the British argued that the treaty allowed them to keep their colonies in Central America but not

49 Dean Fafoutis, “John Middleton Clayton,” 139.
create new ones. This disagreement led to friction between the two nations, but the upside to the treaty, for the moment, outweighed the negatives. The treaty secured a neutral canal for both nation’s merchants. For the owners of ATC, the treaty was a success because it granted them the right to build and operate in Nicaragua.50

To celebrate the ratification of the treaty the ATC named two of its river steamboats *John M. Clayton* and *Sir Henry L. Bulwer.*51 Yet, ardent expansionists did not celebrate. They believed the treaty violated the Monroe Doctrine because it limited the United States’ ability to control the canal and colonize Central America. This left the door open for Britain to spread its influence in the Western Hemisphere.52 Others were skeptical that the canal company would not actually fulfill its obligation to build a canal. Two years after the ratification of the Clayton-Bulwer Treaty there had been no construction on the canal, leading the *Weekly Herald* to question the true motivations of the company. The price of the companies’ stock was not based on actual profits but solely on the potential earnings the company could reap because it had a monopoly in transportation in Nicaragua. This led the paper to question if the company was “stock jobbing” to make its investors a quick profit. Whatever the reason, the *New York Herald* criticized the United States for creating a treaty that turned Nicaragua into a “good riding nag for the Accessory Transit Company.”53

Within a year of the treaty’s ratification, problems arose in Nicaragua. Both Nicaragua and Costa Rica claimed San Juan and the area across the bay known as Punta Arenas. The Costa

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52 “Central America,” *Daily Union*, July 4, 1852.
Rican government sent a written protest to the ATC, the United States, and Great Britain over the company’s presence in the area. Britain and the United States tried to solve the land dispute by brokering a treaty between the Central American nations and came to an agreement that would give the disputed areas of Punta Arenas and San Juan to Nicaragua. Yet this treaty never went into effect because the two world powers neglected to invite Nicaragua to the negotiating table, but allowed Costa Rica to participate. Because of this slight to the country’s honor, the Nicaraguan Minister to the United States, Jose Marcoleta, refused to send the treaty to his country for ratification. With negotiations failing, all nations involved lost a valuable opportunity to bring stability to the region and soon the port city of San Juan become a hotly contested arena that would eventually lead to the town’s destruction.

Figure 3. Central America, Greytown Harbor, surveyed by John Richards, Master; assisted by William K. Bush, Lieut. of H.M.S. Geyser, Commander Thomas Wilson. April 1853. [Plate 55], April, 1853.

55 Ibid., 18-21, 276.
The people of San Juan caused problems for the ATC as soon as it began sending ships to Nicaragua. A group of men from the city stopped the ATC’s inaugural ship, the *Prometheus*, at the mouth of the San Juan river and informed the captain he needed permission from the city to navigate the river. The captain argued that the order violated the Clayton-Bulwer Treaty so he ignored the demand and proceeded onward. But problems soon got worse for the *Prometheus*. Not far up the river, the steamer became stuck in a sandbar. To free the vessel the crew offloaded the passengers onto the shore and called a nearby British warship for assistance.56 The company’s relationship with the people of San Juan never improved from this point.

To compound these problems, Secretary of State Edward Everett accused the Nicaraguan Minister to the United States, Jose Marcoleta of leaking secret correspondence to the New York press with the intention of “thwarting…the construction of the Canal, and the operations of the Transit Company.” Because of Marcoleta’s obstruction to the treaty and his apparent hostility towards the Transit Company, Everett petitioned the Nicaraguan government to recall him, which the country refused. John Bozman Kerr, the U.S. Chargé d’ Affaires to Nicaragua, confided in Everett that the conflict between Marcoleta and the ATC had created a feeling of “bitterness” in Nicaragua towards the American Government. But Everett assured Kerr that the “United States would not be listless or indifferent,” to threats to U.S. citizens’ property. The State Department still believed that the AAPSCC would complete the canal and the agency would use its power to ensure “the removal of all difficulties” to its construction.57

Even with the support of the State Department the company had not completed much work on the canal. The lack of construction caused people in the United States and Nicaragua to question the feasibility of the project. Even the former diplomat Squier, who once claimed that Nicaragua was the best place for a canal, had to admit its unfeasibility.\textsuperscript{58} The company’s focus on river and overland transportation drove the government of Nicaragua to wonder if they had been “duped by clever maneuvering of persons interested in a mere transit line.” The government in Nicaragua stressed that if work did not start on the canal that it would look for other companies that would do the work. But the United States would not allow Nicaragua to dictate who built the canal.

John Kerr’s response to the Nicaraguan Minister of Foreign Affairs summed up the United States position on which nation had the authority to regulate the Transit Company. He wrote:

[I] forbear to press upon the attention of the Honorable Mr. Rocha and of the Government of Nicaragua many important questions, involving the personal rights and property of his Countrymen here. These will be left to the parental oversight of the Government of the United States, ever ready to cherish and guard the enterprise of American Citizens [sic] every where.

Kerr made it clear to the Nicaraguan government that all questions of the canal’s construction were under the supervision of the U.S. Even though the ATC was a Nicaraguan company, the owners were U.S. citizens and therefore the government of Nicaragua had no right to interfere in its business. In other words, the power of the United States government to regulate and control business followed its citizens. The U.S. would not allow Nicaragua to hinder its commerce or power in the region. Because of Nicaragua’s hostility towards the ATC, on April 8, 1853, Kerr

asked for his passport and returned to the United States. This incident reveals the trouble the U.S. had relating to the new republican nations of Central America.\textsuperscript{59} The U.S. wanted Nicaragua to be strong enough to keep out Britain but docile enough that the United States could dictate policy. This led to a complicated and troubled relationship.

In March of 1852, the Mosquito authorities, with the blessing of the British Government, authorized the city of San Juan to “form a constitution, elect officers, and enact such laws as they might deem necessary for the future welfare of the city and its inhabitants.” The new constitution was approved by the people of San Juan in April and the following month the citizens of the city elected a new government, headed by the American, T.J. Martin. The land granted to the people of San Juan by the Mosquito King included Punta Arenas; this did not sit well with the owners of the ATC, because Punta Arenas was the company headquarters in Nicaragua.\textsuperscript{60} Believing the company was under their authority and wanting to increase traffic to the town the new government of San Juan wanted the ATC to move its operations from Punta Arenas to San Juan. The conflict over the location of the ATC’s base of operations led the U.S. to send the navy to Nicaragua to protect the transit company’s property.

At first, President Fillmore and Secretary of State Daniel Webster were unconcerned with San Juan’s independence.\textsuperscript{61} The Whigs were interested in increasing trade in the Pacific and having a route to the Sandwich Islands. If the city did not infringe on this goal the duo would


\textsuperscript{60} Senate Committee on Foreign Relations, \textit{In Compliance with a resolution of the Senate, Information in relation to the transaction between Captain Hollins, of the United States ship Cyane, and the authorities at San Juan de Nicaragua}, 33\textsuperscript{rd} Cong., 1\textsuperscript{st} sess., 1853, Exec. Doc. 8, 3; William R. Manning, ed. \textit{Diplomatic Correspondence of the United States: Inter-American Affairs, 1831-1860}, vol. III, Central America 1831-1850 (Washington: Carnegie Endowment for International Peace, 1933), 279.

\textsuperscript{61} “By Telegraph,” \textit{New York Daily Tribune}. Feb 19, 1853.
allow San Juan to do as it pleased. But the new government did hinder U.S. foreign policy in the region when it tried to control the property of the ATC. The merchants in San Juan wanted the ATC to bring its passengers to the city rather than across the bay. They bristled at the ATC “monopolizing” commerce and cutting them out from the profits they could be making from American travelers buying food, drink, and lodging in their city. Wanting to reap the benefits of the thousands of passengers passing through Nicaragua, the San Juan government tried to entice the company to move its operations into the city. They offered the company free use of their port, but the ATC rejected the offer. With their rights protected by the U.S. they had no need to compromise with the weak government of San Juan. In retaliation, the City Council invoked eminent domain and ordered the ATC to move its operations. This brewing conflict worried Secretary Everett, who wrote to the president insisting that the United States needed to respond in a way that “promote[d] the interest of [the] canal.” But the U.S. could not easily solve the conflict over the ATC’s property rights.

To delegitimize the constitutional government of San Juan, U.S. politicians and the press portrayed the city as a British colony and its inhabitance as non-white. In reality, however, the city and its government were not under native or British control. The population of the city was comprised of a majority U.S. citizens, with a mix of British, free blacks, French, and Germans. The State Department knew who controlled the city. Robert Walsh, the U.S. Special Agent to Costa Rica reported that Americans had seized the city and created a constitutional government with an objective to “establish a free port” and swore to “never submit to the rule of any native

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64 “The United States and Central America,” *Republic*, Feb. 19, 1853.
Power.” These Americans, like the Transit Company, saw the opening of the canal as an opportunity to profit by mining the traveling miners. But because the people of San Juan claimed authority over “as much circumventing territory as possible,” they threatened the ATC’s property and U.S. control of the canal.⁶⁶

The government of San Juan did not see their request for the company to vacate Punta Arenas as outside their authority. The city council believed that since the employees of the ATC took part in the forming of the constitution, they were citizens of the city. The San Juan politicians did not see their actions as destructive, they wanted to continue transforming what was once a grouping of small huts into an industrious and “flourishing city.” They seemed to be the epitome of what U.S. policymakers wanted in Central America. They had established an independent government on the principals of republicanism and had improved the land around them. To maintain this progress, they wanted to bring in commerce from all nations and having the ATC in the city was the first step to achieve this goal.⁶⁷

To modernize the city and to handle the influx of people that the ATC transported, the San Juan government planned to construct a smallpox quarantine center and because of Punta Arenas’ distance from the city, it was an excellent location for this facility.⁶⁸ The ATC’s agent in San Juan refused to relocate the company, stating that his company did not recognize the city’s authority. The ATC had received its charter the Nicaraguan government and was not willing to

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⁶⁷ Senate Committee on Foreign Relations, *In Compliance with a resolution of the Senate, Information in relation to the transaction between Captain Hollins, of the United States ship Cyane, and the authorities at San Juan de Nicaragua*, 33rd Cong., 1st sess., 1853, Exec. Doc. 8, 3.

⁶⁸ “The Difficulties at San Juan,” *Weekly Herald*, April 9, 1853.
relocate their operations to pacify the merchants in the city. The company’s board reasoned that the Mosquito King had no legitimate claim to land, and therefore could not give it away. 69

Once the company refused to relocate, the government of San Juan ordered them to stop construction of a storehouse and hotel on Punta Arenas. The people of San Juan feared the hotel would draw “away from the town the profitable trade of the passengers to and from California.” 70 The Mayor of San Juan, T. J. Martin, sent a letter to the ATC informing them that they must remove the new buildings within five days and relocate their whole operation within thirty days or the city would take legal action. The company did not give in to the San Juan government’s request. To force compliance, Martin sent thirty men to forcibly remove the buildings. U.S. newspapers reported widely on this incident. The paper blamed the destruction of the ATC’s property on President Fillmore and his inability to enforcing the Monroe Doctrine. His weakness had led the people of San Juan to “think that the United States Government cannot protect herself, much less American citizens and property abroad.” The feebleness shown in San Juan allowed an invading force to “tear down with impunity the flag of our country,” and if Fillmore did nothing to stop them, they would soon trample the flag “under their feet.” 71 The papers equated the property of U.S. citizens to the honor of the nation. The destruction of the hotel and storehouse had defiled the nation and the papers demanded that policymakers act swiftly to ensure that U.S. authority remained paramount in Nicaragua.

69 “The Trouble at San Juan,” North America, April 2, 1853.
On February 8, 1853, the ATC’s agent in Nicaragua, Thomas Baldwin, petitioned H. L. Stevenson, the acting consul of the United States, to “protect the interests of the Accessory Transit Company of Nicaragua, as well as my rights as an American citizen, and those of the employees of the company under my charge.” Stevenson replied that “as American Citizens,” he would do everything in his power to protect their rights. Stevenson was following the lead of the Secretary of State Edward Everett. While a senator, Everett argued for the Clayton-Bulwer Treaty, claiming that without the protection of the government, “capitalists” would not risk building a canal in the area. By protecting the rights of its citizens, Everett ensured that entrepreneurs would continue to invest abroad, which would increase the U.S. commerce and power in Central America.

The ATC’s lawyer, and former Whig congressman, Joseph White, used his political influence to convince the president to send the military to protect the company’s property in Nicaragua. White met directly with President Fillmore to request that the government solve the problem in San Juan. The president assured White that he would remedy the situation. On this promise, White sent a memo to the company’s employees in Nicaragua, telling them not to worry about the government of San Juan. The U.S. Navy would soon be in port to protect them. The U.S. government sent Commander Hollins to Nicaragua at the request of the ATC to protect “their property and rights” from being “violated.” The Secretary of the Navy, J. C. Dobbins,

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72 Senate Committee on Foreign Relations, In Compliance with a resolution of the Senate, Information in relation to the transaction between Captain Hollins, of the United States ship Cyane, and the authorities at San Juan de Nicaragua, 33rd Cong., 1st sess., 1853, Exec. Doc. 8, 13, 23.
74 Wheaton J. Lane, Commodore Vanderbilt, 87.
76 “San Juan Seized by the U.S. Sloop Cyane—The Government Resigns-Great Excitement Among the Citizens,” Atlas, April 2, 1853.
viewed foreign policy the same way as Everett; American investors needed to feel secure abroad. Dobbins ordered Hollins to show the people of San Juan “that the United States are both able and determined to protect the property and rights of American citizens,” because U.S. citizens must know that “upon every sea and on every soil” they are secure. Aware of the international ramifications, Dobbins warned Hollins to proceed with “caution” and to “avoid collision” with the British. This time Hollins avoided violent conflict in Nicaragua, but he still made a strong show of strength.

On March 11, 1853, after reaching San Juan, Hollins sent a letter to Mayor Martin, informing him that the United States would not allow his government to remove the ATC’s property. Martin warned Hollins that his government had every right to eject the company and that he would use his power to do so unless he was “illegally prevented by a superior force.”

Martin’s claim of San Juan’s sovereignty caused much debate back in the United States. The U.S. newspapers again called into question the legitimacy of the San Juan government. The Nashville Union questioned the validity of the Mosquito King’s authority and the influence of Great Britain in the town. The paper argued that San Juan was a “British colony, under British influence, disguised as a free city.” This British influence was “mischievously brought to bear upon the interests of an American Company, to vex, annoy and pillage it.” Yet the Tennessee London Free Press agreed with Mayor Martin. The paper argued that the ATC had “to vacate when required,” by the local government. But, the paper concluded, because it was more

77 Senate Committee on Foreign Relations, In Compliance with a resolution of the Senate, Information in relation to the transaction between Captain Hollins, of the United States ship Cyane, and the authorities at San Juan de Nicaragua, 33rd Cong., 1st sess., 1853, Exec. Doc. 8, 6, 8.
78 “The United States and Central America,” Republic, April 4, 1853.
profitable for the ATC to deny the government of San Juan’s legitimacy, the company would not comply.  

The situation in San Juan led to increased contempt for Great Britain by the people of the United States. Anger over the British presence in San Juan ignited an argument in the Senate over the use of the name “Greytown,” the British name for San Juan, in U.S. government records. The debate ended with William Seward and Stephen Douglas agreeing to strike the British name from the record. The heightened distrust of Britain in political and popular consciousness increased the stakes in San Juan. Protecting the ATC’s property was no longer about helping a single company but was a way for the policymakers to enforce the Monroe Doctrine and preserve American honor.

Thomas Baldwin, the ATC’s agent in San Juan, reflected the belief that the United States’ citizens had a right to do as they wished in the hemisphere. He used his U.S. citizenship to justify not abiding by the city’s ordinances. According to Baldwin, San Juan had no control over him, the ATC, or its employees, because he was “not a Citizen of San Juan del Norte, either by birth or adoption,” therefore he could do as he pleased in the country. Not surprisingly, using this argument did not lead to the company receiving redress from the city. Baldwin petitioned Commander Hollins, who was stationed off the Mosquito Coast, for assistance. To make an informed decision on how to proceed, Hollins sent ashore Purser Charles C. Upham and Lieutenant William H. Parker to gather information. They informed Hollins that San Juan citizens had taken up arms and were waiting until nightfall to head to Punta Arenas to apprehend

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80 “The Seizure of San Juan,” London Free Press, April 15, 1853.
81 “In the Senate of the U. States: Special Session, Monday, April 4, 1853,” Daily Union, April 7, 1853.
82 Senate Committee on Foreign Relations, In Compliance with a resolution of the Senate, Information in relation to the transaction between Captain Hollins, of the United States ship Cyane, and the authorities at San Juan de Nicaragua, 33rd Cong., 1st sess., 1853, Exec. Doc. 8, 23.
the occupants and burn down their buildings. In response Hollins ordered the marines to guard the company’s property. When the San Juan troops arrived to “tear down the building” the marine commander warned them that the “property of the Accessory Transit Company of Nicaragua,” was under the protection of the United States. Upon hearing this, the militia left Punta Arenas and returned to San Juan.\(^{83}\) Lacking the ability to carry out their mission, the government of San Juan dissolved itself, claiming that it was under occupation of the United States.\(^{84}\) Although, this was not technically true, the United States had shown the government of San Juan which government controlled the city.

Franklin Pierce began his presidency in the midst of this international fracas. The order to land marines in Nicaragua increased the bitterness between the United States and Great Britain that had been building over Britain’s protection of the Mosquito King. Yet both nations still agreed that a functioning transit route through Nicaragua was mutually beneficial. But the new Democratic president and his State Department threatened this uneasy peace by being more tolerant of expansion than the previous Whig administrations. In his inaugural address, March 4, 1853, Pierce set the tone for his foreign policy when he proclaimed that his administration would “not be controlled by any timid forebodings,” because the nation’s “position on the globe render the acquisition of certain possessions not within our jurisdiction eminently important for our protection.” Pierce viewed the Monroe Doctrine as the foundation of American foreign policy. He made it clear that the United States had a right to control the entire hemisphere and rejected

\(^{83}\) Ibid., 10-12.  
\(^{84}\) “Important from San Juan-Seizure by the U.S. Naval Forces –Resignation of the Government,” Cleveland Daily Herald, April 4, 1853.
“the idea of interference or colonization on this side of the ocean by any foreign power beyond present jurisdiction as utterly inadmissible.”  

Pierce also used his speech to assure capitalists that his administration would protect their investments no matter where they were located. He informed them that “with a proud consciousness” they are “one of a nation of sovereigns” and that in the pursuit of business they could not “wander so far from home that...[a] rude hand of power or tyrannical passion” could be “laid upon him with impunity.” Pierce wanted American investors to “realize that upon every sea and on every soil where our enterprise may rightfully seek the protection of our flag American citizenship is an inviolable panoply for the security of American rights.”  

American commerce would be of the utmost importance to Pierce’s administration, and his foreign policy would center on protecting the rights of American businesses abroad.

None represented the new administration’s views better than Kerr’s successor, the former Arkansas Senator and Governor of New Mexico, Solon Borland. The new Minister to Nicaragua believed that the Clayton-Bulwer Treaty was “an abandonment of a most important and long cherished principle of American foreign policy,” and its ban on colonization would “never be sanctioned” by the American people. By allowing the British to keep a foothold in Central America by claiming to protect the Mosquito Indians, Great Britain would remain a hindrance to the completion of the canal. Borland obsessed over how to undermine the treaty. In his correspondence to Secretary of State William L. Marcy he repeatedly condemned the treaty and the British. He went as far as to advocate war with Britain to protect U.S. interests in

86 Ibid.
Nicaragua. Borland was typical of the type of men the new president appointed to diplomatic positions. Yet Secretary of State Marcy was not a partisan expansionist like the rest of the diplomatic corps. His focus was on expanding trade in Latin America and Asia within the framework of the 1850 treaty.

Borland’s duty in Nicaragua was to ensure the “protection of American citizens in their property and personal rights,” but Marcy made it clear that U.S. citizens had a duty “to comply with the laws of the country within which they have voluntarily placed themselves.” Marcy worried that the ATC’s disregard for the Nicaraguan government and the people of San Juan jeopardized the “great public utility” of the canal. Yet he was not willing to let either entity interfere in the company’s business. Once in Nicaragua, Borland went to work using his position to help the ATC. When he reached San Juan in August he met with the United States Commercial Agent Joseph Fabens, who apprised him of the ongoing conflict between the city government and the ATC. Fabens felt that since Hollins had stopped the eviction of the company from Punta Arenas that there would be peace in the city. Borland proceeded to meet with Martin, who gave the minister the impression that he no long claimed to be the mayor of the city. The only remnant of an independent government was the city’s marshal. With this semblance of peace, Borland focused his energy on Great Britain and convincing Marcy to disregard the Clayton-Bulwer Treaty.

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88 Ibid., 379.
Ibid., 348.
After months of unanswered correspondence, Marcy finally replied to Borland and explained to him the United States’ position on the Clayton-Bulwer Treaty. Marcy bluntly stated that it was the goal of the United States to follow the treaty and that Borland should not concern himself with the British. Unbeknownst to Borland, Marcy focused on convincing Britain to recognize the neutrality of U.S. merchants around the globe. The State Department was willing to accept some violations to the Monroe Doctrine in Central America to achieve this goal. The Secretary would not follow Borland’s foolish suggestion of going to war with Britain. If Britain continued to make colonies in the Americas, the government in the United States would decide the course of action, not diplomats. Borland’s job was to ensure that the Nicaraguan government knew it was in their best interest to get Britain out of their country. The U.S. would do what it could to aid them but would not jeopardize its global commerce in the process. Yet the minister did not heed Marcy’s warning, and he soon brought the United States into conflict in San Juan.

On the evening of May 16, 1854, the river steamer Routh, captained by T. T. Smith of the ATC, arrived at Punta Arenas to deliver passengers to the Northern Light, heading for New York. At around dusk, while the passengers transferred ships, a group of thirty armed men led by the Marshal of San Juan boarded the river steamer to arrest Captain Smith for the murder of the “Patron of Lake Nicaragua,” Antonio Paladon. Borland was aboard the Northern Light at the time of the incident and intervened. He asked the marshal what authority he had to arrest an

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92 Pierce, Marcy, and Buchanan wanted to negotiate a treaty with Great Britain, which recognize the American Flag as neutral. The goal was to ensure a neutral flag made neutral goods. All U.S. ships and the goods that they carried, no matter their origin, would be free from search and seizer. I will discuss this topic in greater detail in the next chapter.

American citizen. The marshal replied that the mayor of San Juan had issued a warrant for his arrest. Since the United States did not recognize the mayor’s authority, Borland demanded that the men leave the ship. The marshal tried to show Borland the warrant, but he refused to even examine the paper. The Marshal and his men departed to their ship, but fearing that they might return, Borland grabbed a nearby rifle and threatened the group. This had the desired effect, and the crew returned to San Juan without Smith.94

That night, Borland and an agent of the ATC ventured to San Juan to meet with Fabens and to confront the mayor about the conduct of his men. They found the mayor at a town meeting discussing the impending arrest of Borland. To avoid arrest, Borland retreated to Fabens’ house but the mob followed. A group of armed men gathered at Fabens’ door and demanded Borland. Not being a meek man, Borland came to the door and threatened the men, claiming that they had no authority to arrest him. At this point, someone in the crowd hurled a broken bottle, which struck Borland on the face, cutting his cheek. The crowd then closed in and arrested the stunned Borland. The minister did not stay in the “calaboose” for long. The mayor, who did not sanction the arrest, freed him the next morning. Fearing that the people of San Juan would attack the ATC’s property, Borland obtained the service of fifty passengers who were returning from California to stay and protect the property until the United States could send the navy. Borland boarded the Northern Light and headed for Washington to inform the government of what had happened in San Juan.95

Meanwhile, the city council of San Juan petitioned Lieutenant A. D. Jolly of the HBM Bermuda for protection from the American militia that Borland left behind. The citizens of the town felt “themselves very much damaged and aggrieved” by the “aggressive acts” of the ATC, which they felt had usurped the power of the local government. Not wanting to get involved, Great Britain declined to offer any assistance. With no support from the British and not wanting to jeopardize the safety of the city, Mayor Martin wrote to Fabens to let him know that he was immediately stepping down so the city could hold new elections. But new elections did little to help the situation. A group of angry citizens from the city stole the river steamer H. L. Bulwer from Punta Arenas and docked it in San Juan. When employees of the ATC tried to recover their ship, a mob of San Juan men descended on the workers. A melee broke out, and the mob captured and arrested an agent of the ATC. The company sought the help of the newly elected government of San Juan and the Nicaraguan government, but received no redress from either. Indeed, the government of Nicaragua wanted to show that they were in control of their country, but that was not the case on the Mosquito Coast. They had limited resources in the area and were afraid that any action they took along the coast would anger the British. So once again the ATC turned to the United States for assistance.

Fabens sent Marcy his assessment of the situation. The only way to secure the canal was for the United States to take “possession of and [hold] the territory of Mosquito…beneath whose flag the outrage in question were perpetrated.” Secretary Marcy was still skeptical about going

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96 “From San Juan,” Daily Sun, June 12, 1854.
98 “From San Juan,” Daily Sun, June 12, 1854.
to war, but he promised retribution on “the pretended authorities of the town” and those “who had stolen the property of the Accessory Transit Company.” For their actions, the San Juan government would have to apologize to Borland and repay the ATC for the damages caused to their property.  

If the city would not pay, Commander Hollins would rain down retribution on the city for its violations.

Pierce dispatched Hollins to San Juan. The Secretary of the Navy told Hollins that “it is very desirable that these people should be taught that the United States will not tolerate these outrages, and that [we] have the power and determination to check them.” On June 24, at the command of Secretary Marcy, Fabens wrote an open letter “TO THOSE NOW, OR LATELY, PRETENDING TO AND EXERCISING AUTHORITY IN SAN JUAN DEL NORTE,” in which he ordered them to pay the ATC $8,000 for the building the city militia destroyed in 1853, and $16,000 for the H. L. Bulwer and its cargo. On July 12, Hollins reiterated Fabens’ request and warned the people of San Juan that if they did not comply he would “bombard the town” so that “the rights of our country and citizens may be vindicated,” and to “guarantee…future protections.”

The people of San Juan could not pay the amount that the U.S. and the ATC demanded. The government in the city estimated the damages done to the ATC at two-hundred and fifty dollars, not the $24,000 Fabens and Hollins demanded. They contended that the United States set the amount so outrageously high, as to make it unpayable, so the U.S. could finally rid itself of the troublesome city. The Boston Atlas condemned the high price the United States demanded

for “half a small boat load of flour, corn and meal.”

Without a way to satisfy the United States’ demands, the city did not pay and sealed its fate. In preparation for the incoming bombardment the people of San Juan packed what belongings they could and fled to the surrounding jungle.

So it was that at nine in the morning on July 13, 1854, Hollins gave the order to open fire on the city. By the end of the day the city was in flames and the government of San Juan dissolved. In the wake of the city’s destruction a group of “now homeless” U.S. citizens wrote to U.S. newspapers to tell their side of the incidents that had led up to the “barbarous destruction of [their] property” and hoped to receive redress for the million dollars in damages that U.S. inflicted on them. They not surprising blamed the whole affair on Borland for unlawfully interfering in the arrest of Captain Smith. Although they admitted that there had been some tension between the ATC and the city’s government, they blamed Borland for disrupting the uneasy peace. But Borland justified his action in racist rhetoric. He downplayed the U.S. and European majorities in the city and claimed that it had been Jamaican “negroes” and natives who had infringed on the rights of U.S. citizens. By making the residents of San Juan non-white and non-American, Borland could further undermine their legitimacy as a government and their claims to own property.

The bombardment, however, drove U.S. newspapers to retreat from the narrative that San Juan was under British control and non-white. The New York Herald understood that the United States could not look weak in Central America and therefore had to “impress upon the minds of all, that the person of our minister cannot be violated with impunity.” Yet the paper could not

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support the bombardment because “a considerable portion of the loss of property” fell upon U.S. citizens. Because Americans owned much of the property in the town the “bombardment and destruction of San Juan was…the bombardment and destruction of an American town.”

Two U.S. women living in San Juan also challenged Borland’s assessment. The women, of whom only one was recognized as the “wife of Mr. Benjamin Mooney, a New Yorker by birth,” claimed that far from being a town run by natives and Jamaicans, “three-fourth of the property destroyed [by the United States] belonged to Americans.” The women questioned the United States government’s motives for bombarding their town and reiterated that the amount the U.S. had demanded was far more than the damages done to the ATC. Furthermore, they protested that Hollins delivered his ultimatum to the city when many of the people in the town had already fled and dissolved the government. There was no way the city could have met his terms. The women went on to challenge the claim that the U.S. destroyed the city to protect the ATC’s property rights. If that was Hollins’ mission, then why would he destroy their property. The women of San Juan saw through the rhetoric of the United States and called out the U.S.’s hypocrisy. If the United States cared about its citizens’ property then it would compensate the people of San Juan, whose homes, businesses, and livelihoods were destroyed.

The destruction of property was not the only issue critics had with the bombardment. Some questioned the honor of destroying a deserted unfortified town. The New York Courier and Enquirer called the destruction of San Juan an unnecessary “act of savage cruelty.” The paper understood that the U.S. held all the power and San Juan had none. It was not a fair fight.

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108 “The Destruction of Greytown,” Atlas, July 29, 1854: This article compiles the reaction of the New York newspapers to show that the actions in San Juan were so deplorable that Democratic newspapers cannot support it. It contains the reactions from the Herald, Evening Post, Tribune, New York Times, and the Courier and Enquirer.
The New York *Tribune* claimed that the attack was unmanly and made the United States akin to a “bully who will beset and beat a defenseless woman or little child.” The New York *Evening Post* wondered if it was a waste of U.S. powder and ball to destroy an empty city. The paper reasoned that in some cases the United States would need to take such an action, but in this instance “the government had no such excuse.” The editor of the Boston *Atlas* lambasted the Pierce administration for its policy to pick fights with “all the weak powers, or tribes, or towns in that section of the continent,” to create a “pretext for seizing them,” for his southern constituents.110 But because these papers focused on property and honor, they missed the point of the bombardment. The state had a goal to build a canal to increase its commercial empire and would use force to protect this goal. It did not matter if it was the American citizens, the state would not allow its power in the region and the growth of U.S. commerce to be challenge.

The United States used property to justify—both to itself and the powers of Europe—its use of force in San Juan. Although it is true that the U.S. policymakers believed in the primacy of property rights, the real goal in San Juan was to secure, grow, and maintain commercial influence in the Western Hemisphere, the Pacific, and Asia. The destruction of American citizens’ property in San Juan, however, proves that property was not the issue. The ATC’s job was to build a canal, which politicians from all parties wanted. When built, the canal would grant U.S. merchants easy access to the Pacific and Asia and grow the nation’s influence. Therefore, the state would use all its power to protect the company at the expense of the small business owners in San Juan, who did very little the help grow the empire. By portraying the people of San Juan as under British control or as non-white, the United States government justified

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violating their property rights. Secretaries of State from Clayton to Marcy used their power to assure U.S. entrepreneurs that the United States protected their investments abroad.

The attack on San Juan also put a new face on the Monroe Doctrine. No longer was it simply a statement that the United States would not allow the powers of Europe to colonize Latin America. Now it had become a justification of military force. The United States would use the military to advance its interests in the region even if that meant overthrowing democratically elected governments. The complete annihilation of San Juan demonstrated to the powers of Europe, especially Great Britain, that the United States’ interests were paramount in Central America. Yes, the U.S. wanted stable republics in the region, but more importantly U.S. policymakers wanted nations that it could control. The bombardment shifted the Monroe Doctrine. No longer was it a policy that forbid Europe from recolonizing the America. Now the doctrine justified U.S. intervention, even if a European nation was not involved, to protect its economic and imperial interests.
Chapter 2: Unlawful Entry

On January 7, 1858, New Jersey Representative G. B. Adrain delivered a speech on the floor of the House of Representatives in support of the U.S. Navy’s arrest of the filibuster William Walker. In his speech, he proclaimed his “favor...of putting a stop to this marauding spirit that is afloat in this country.” This spirit, Adrain believed, drove U.S. citizens to violate the Neutrality Act and set afoot military actions from the shores of the United States in support of Walker. These men’s actions in Nicaragua damaged property rights and “interfered with the great transit routes between the two oceans.” Adrain feared that the activities of the filibusters would threaten the United States’ neutrality and bring “the hostility of foreign nations against” the U.S. To protect the nation and its commerce, Congress had to strengthen the Neutrality Act “founded upon the great law of nations.” Any “right-thinking man,” he declared, would agree with this action.111

Yet, he was wrong. Some Congressmen wanted to do away with the neutrality law because it had inhibited the conquest of Nicaragua. John Quitman, of Mississippi, a former filibuster himself, advocated removing the act. Adrain scolded Quitman that eliminating the Neutrality Act, “would have us encourage that [marauding] spirit,” and if the law as it was could not restrain men from invading foreign nations than any man with “common sense” could see what would happen if there were no restraints.112 Quitman, however, focused on the canal, which would give the United States “the power to tax the commerce of the world.” For this southerner, the Neutrality Act violated the main tenet of the Monroe Doctrine. If U.S. citizens could not

112 Ibid., 4.
colonize Nicaragua, the United States would never gain control of “the only commodious road of transit.” Like Quitman, Georgia Representative Alexander H. Stephens denounced the neutrality laws and the navy for acting against the country’s interest in Nicaragua. Stephens stoked the fears of British control in the region. He claimed that Walker’s arrest had “prostituted the [American] flag to perform the work of a British officer.”

The tense debate that raged in Congress over the interpretations and implementations of the Neutrality Act and Monroe Doctrine hid politicians’ common goal of controlling Nicaragua and constructing a canal through the isthmus. Although some in Congress wanted to allow citizens to colonize Nicaragua and others believed the federal government should take the lead, they all agreed the canal was strategically important to the growth of U.S. commerce. Even Adrain, who opposed using “fire and sword,” agreed that Nicaragua was too important not to be under the influence of the United States.

This debate in Congress exposed the true intentions of the United States’ actions in Nicaragua. Adrain justified the U.S. Navy landing troops in Nicaragua to arrest Walker and his men to protect property rights and the future canal. Yet as his speech went on, he revealed the true nature of what was at stake in Nicaragua. The U.S. government was not interested in protecting property rights for the sake of property rights. Rather, their actions aimed to grow the nation’s commercial empire by ensuring the safety of the canal. The majority in Congress agreed that a transit route in Central America was too important to let it fall into the hands of another

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115 Adrain, 6.
nation. The Monroe Doctrine proclaimed the Western Hemisphere as the United States’ sphere of influence; an opinion backed up by the U.S. Navy’s bombardment of San Juan. But U.S. investors misunderstood this declaration. They presumed that the state’s actions in San Juan were solely to protect their investment. How could they not have made this interpretation? Leading up to the bombardment, politicians and policymakers justified their actions by asserting the primacy of property rights. Entrepreneurs now believed they could do has they wished in Nicaragua. But when they used filibusters to secure investments, the state stepped in to stop them. Walker and his army threatened the stability of Central America, foreign policy, and the construction of a canal. As in San Juan, the United States would not allow anyone, not even American citizens, to obstruct the growth of its commercial empire.

This chapter argues that the U.S. destruction of San Juan emboldened investors to support William Walker’s conquest of Nicaragua to gain property. Yet, by pitting U.S. citizens against the British-back Central American forces, Walker and his army threatened the United States’ neutrality. Because the State Department’s major foreign policy aim centered on the nation remaining neutral, the President ordered the Navy to arrest the filibusters, which nullified the property rights of Walker’s supporters and set a precedent for U.S. intervention in the region. This is not to say that policymakers were not interested in protecting property rights, but to receive protection, investors had to maintain two inseparable aims. First, their investments needed to expand the reach of American merchants. Second, they needed to ensure the neutrality of the United States. The ATC had originally fulfilled these requirements but once its board members supported Walker, Presidents Pierce and Buchanan pulled their support because no investment could compromise the commercial empire.
After the destruction of San Juan del Norte, the *Weekly Herald* reported that passage through the isthmus was once again “accomplished with ease.” The ATC increased their advertisements for the Nicaraguan transit route to compete with its commercial rival in Panama. Although Panama was further away for New York and California, in 1855 a railroad had been completed that transported people and goods quickly across the isthmus. To contend with it rival, the ATC lowered its fares and touted its route as clean and safe from disease, unlike Panama. Yet, while the Transit Company focused on their competition in Panama, a new threat arose in San Juan that endangered the company’s operations. And once again, American citizens spearheaded the attack against the ATC.

By 1855 the company had not begun construction of the canal nor had it paid the Nicaraguan government its ten percent of the profits. Although the government of Nicaragua was willing to do all it could “to maintain perfect harmony” with the ATC, the adventurous American and Mexican War veteran Henry L. Kinney used the company’s lack of payment and the destruction of San Juan to justify the colonization of San Juan. He promised the people of the town that he would force the ATC to pay for the destruction of their city. Having recently come out of a crisis, the ATC was unwilling to allow another small band of Americans to threaten their property. The ATC board again turned to the federal government for help.

Henry Kinney was a restless man who was on the lookout for adventure and profits. Born in Pennsylvania in 1814, he moved to Texas in 1838, where he became a founder of Corpus Christi, served on the Texas legislature, and fought in the Mexican War. But all his achievements

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and adventures could not keep him from searching for his next venture. By 1854, he set his sights on colonizing the Mosquito Coast. After the destruction of San Juan and the dissolution of its government, Kinney saw an opportunity to insert himself as the new leader of the city. The British merchant, Captain Samuel Shepherd, held a land grant from the Mosquito King for twenty-two and a half million acres, which he offered to sell to Kinney for a half million dollars. In short order, Kinney began to recruit financial backers to facilitate the purchase of the land grant and search for “enlightened and energetic emigrants from the United States” to settle his Nicaraguan colonies. To finance his mission, Kinney issued 225,000 shares for his newly formed Central America Land and Mining Company. Each share sold for twenty-five dollars and came with the promise of a hundred acres of land.

When President Pierce and Secretary of State Marcy became aware of Kinney’s undertaking, they were at first willing to allow him to carry out his mission, but foreign relations soon got in the way. After Kinney and his backers incorporated their company and began raising money for their expedition, the Minister of Costa Rica and Nicaragua made formal complaints to Secretary Marcy. The Nicaraguan Minister, Jose Marcoleta, questioned the legitimacy of the grant and the colonies. But the “strangest part of the affair” was that Kinney’s financial backers were “members of the Board of directors of the Accessory [T]ransit Company.” Marcoleta insinuated that Kinney was a puppet of the ATC, which planned to use Kinney’s colonies to take control of the Mosquito Coast. The ATC’s support of Kinney strained its relationship with the

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121 Scroggs, Filibusters and Financiers, 100.
Nicaraguan government. Marcoleta asked Marcy to use whatever means, to stop the “adventures” from reaching the “port and City of San Juan.”\(^{123}\) In the eyes of Secretary Marcy, the land grant gave Kenney legitimacy, and he told the minister that he could do nothing to stop Kinney from embarking on a “peaceful business opportunity.”\(^{124}\) At this point the Secretary was willing to let investors take the lead in Nicaragua. But his policy soon changed.

Costa Rican Minister Felipe Molina, whose country still claimed San Juan as its territory, also complained to Marcy that the Mosquito King had no authority to give away the land. But since Costa Rica was disputing a contract made in Nicaragua, not the United States, Marcy told Molina that there was nothing he could do. Molina would have to take the matter up with Nicaraguan government.\(^{125}\) But as more complaints arose about Kinney’s mission and its violation the Neutrality Act, the administration’s support began to waver. The final straw came when Great Britain began recruiting American citizens to fight against Russia.

As authorities in New York investigated the legality of Kinney’s mission, news broke that Great Britain had recruited U.S. citizens in New York and Philadelphia to fight in the Crimean War. President Pierce saw these actions as violation of the United States’ neutrality and took a strong stand against the British.\(^{126}\) Pierce did not want American citizens dragging the United States into a European war, so he made a statement that showed the powers of Europe that the United States would remain neutral. Even if Pierce wanted to support Kinney, his larger foreign policy aim to expand the reach of U.S. merchants hinged on the United States staying out

\(^{123}\) Ibid., 395.
\(^{124}\) Ibid., 65.
\(^{125}\) “Endorsement of the Kinney Expedition by the Organ of the Administration,” Weekly Herald, Dec. 30 1854.
\(^{126}\) “British Enlistment in the United States,” Meigs County Telegraph, April 10, 1855.
of war with Europe. To justify his order that Britain refrain from recruiting American citizens to fight in their war, Pierce needed to stop Kinney from colonizing a British protectorate.

The British violation of the neutrality laws was not the only factor working against Kinney. The board of the ATC had originally supported Kinney but now that the government was investigating him, they no longer needed him. On April 25, 1855, after a personal meeting with the ATC’s lawyer, J. L. White, President Pierce ordered the arrest of Kinney and his partner Joseph Fabens, the former U.S. commercial agent to Nicaragua. The government released the pair on a $10,000 bond, which did not sit well with Marcoleta who wanted Kinney and Fabens behind bars. Secretary Marcy tried to ease Marcoleta’s mind by telling him that if the men committed a crime, the jury would find them guilty. But the jury did not find the evidence convincing. After their acquittal, Kinney, Fabens, and a small group of men evaded the militaries of the United States, Britain, and France and reached Nicaragua to construct their colony.

In an August 17, 1855 address, Kinney blamed the ATC for his and Fabens’ arrest. He claimed that the company had hindered his mission because they knew that he would force them to pay for the damages endured by the citizens of San Juan and the back payments they owed the Nicaraguan Government. It was no secret that the United States destroyed the town at the company’s request. Therefore, Kenny reasoned, the ATC had an obligation to pay for the destruction. He accused the company of fearing competition to its monopole on commerce in the region from his successful American colony. To maintain its grip on the Nicaraguan coast, he

believed the company had the U.S. government arrest him. Kenney’s promise of punishing the ATC could have been a ploy to garner support from the locals or perhaps he sought retribution for White’s role in his arrest. Whatever his motivations, Kinney exposed the ATC’s role in the bombardment of San Juan.

Having Fabens as a partner gave Kinney an advantage over the ATC. As the commercial agent to Nicaragua, Fabens had intimate knowledge of the company’s actions during its trouble in San Juan. Fabens gave Kinney a letter that exposed White as the orchestrator of the town’s destruction. Kinney gave the June 16, 1854, letter to the U.S. papers to publish. In it, White implored the government to act against the people of San Juan for infringing on the company’s property rights and ensure the “scoundrels are soundly punished.” They needed to “be taught to fear us.” White wanted to ensure that the people of San Juan knew whose property was most important. White also had imperialistic drive to destroy the city. He told Fabens that once the United States punished the city, “we can take possession and build it up as a business place,” and bring the city under the authority of the United States.131 By exposing this letter to the American public Kinney contrasted his activities in Nicaragua with those of the ATC. The company wanted to expand the nation by force while he had peaceably “done as much as any living man” to grow the territory of the United States.132 Kinney portrayed his mission as altruistic and for the greater good of the nation, while the ATC was only after profits. Kinney claimed all he needed was industrious citizens to improve and cultivate the land not gun boats. Soon, however, he would find that without the ATC’s support, it did not matter how peaceful his intentions were.

131 J. L. White to J. W. Fabens, June 16, 1854.
Once settled in San Juan, Kinney’s men elected him governor and established a new American-led government in the city. As governor, he changed his tone towards the ATC. Although he scolded them to stop acting like “monarchs” and conduct legitimate business in Nicaragua. He also implored the people of San Juan to not retaliate against the company while he pleaded with U.S. government to pay for the damages they caused. Perhaps he changed his tone because he learned from San Juan’s past. The U.S. placed a higher importance on the ATC’s property than that of other U.S. citizens in the region, and Kinney did not want to share the same fate as the former mayor. Despite Kinney’s hope of gaining the support, or at least the acceptance, of the ATC, he had been a thorn in their side and they refused to acknowledge his authority in the region.

The ATC ignored Kinney’s authority but accepted the new Nicaraguan government established by the American filibuster William Walker. The National Intelligencer called out the ATC for lending “aid and comfort” to Walker who was “invited to make war,” while shunning Kinney, who wanted to settle Nicaragua peaceably. But the criticism did not deter the company or other investors from backing Walker. The lack of support drove Kinney’s men, including Fabens, to abandon him to join Walker’s army. With no money or men, Kinney’s mission ended in bankruptcy and he left San Juan and returned to the United States. The president had once again used his authority to support the ATC. Although this time there would be no bombardment, Kinney’s arrest had severely damaged his support. Once in Nicaragua he

had no financial support, which ultimately led to his failure. With Kinney out of Nicaragua, Walker monopolized the financial support coming out of the United States. But the ATC’s support of Walker tested the United States’ willingness to continue protecting their property.

The Tennessean, William Walker, was an exceptionally bright and driven man. By the age of fourteen he had graduated from the University of Nashville and by nineteen he had received a medical degree from the University of Pennsylvania. Working in the medical field did not hold his interest for long, and he soon moved to New Orleans where he became a lawyer and part owner and editor of the *Daily Crescent.* After the death of his wife from cholera in 1849, Walker moved to California where he continued to practice law and write for a variety of newspapers. During his stay in California he became active in politics and earned a reputation for being a free-soil and anti-filibuster Democrat. But in 1853, Walker radically changed his views and profession and committed himself to filibustering.\(^{137}\)

Walker made his first attempts at filibustering in Sonora Mexico. He claimed that his mission was humanitarian in scope and that he only wanted to protect the people of Sonora from Apache raids. As charitable as his claimed intentions were, the true nature of his mission was “to drive the Indian from the mining region” so he could set up a mining colony in the mineral rich region.\(^{138}\) The *Alta California* claimed that the Sonora mineral deposits were so abundant that multiple expeditions were planned to leave from California and establish mining colonies.\(^{139}\)

Walker had the support of the wealthy Californian, Fredric Emory, who had a keen interest in the silver rich region; however, he did not have the support of the people of Sonora nor Mexican

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\(^{139}\) “Summery of News,” *Alta California,* Sep. 16, 1853.
Walker’s small group of filibusters did not gain much ground against Mexican forces, who eventually drove them out. Walker’s expedition to Mexico exposed his entrepreneurial drive. He did not want to conquer Sonora for the sake of helping the locals or because he was thirsty for power. He chose Sonora because he wanted to control the lucrative silver mines.

After Mexican forces drove the U.S. invaders back to California, Walker returned to his other passions of politics and newspapers, but this work did not hold his attention for long. Soon a friend offered him a job that took him to Nicaragua and cemented his place in history. The collapse of the United Provinces of Central America caused instability in Nicaragua. The country dove into a civil war between the conservatives in Granada and the liberals based in León. Uncertainty brought on by the civil war left the country open to exploitation and investment, which was sometimes one in the same. In August of 1854, Byron Cole, the owner of the Honduran Mining and Trading Company traveled to Nicaragua in search of new business opportunities. The raging war troubled Cole because he feared a conservative win would lead to a wave of conservatism washing over Central America. If conservatives took control of Honduras, it would threaten his business interest in the region. In general, liberals in Central America wanted to institute U.S. style capitalism and welcomed foreign investors. While in León, Cole arranged a contract with the liberals. He promised to recruit three-hundred American men to join in the fight. To entice U.S. men to help them, the liberals promised each man two-hundred and fifty acres of land, which they would receive at the end of the war. As soon as he returned to the United States, Cole reached out to his friend William Walker.

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The liberals had their own reason to contract U.S. citizens to help them fight their war. They too wanted to stem the tide of conservatism, but they also admired the entrepreneurial spirit of U.S. citizens. Since the discovery of gold in California, floods of U.S. citizens traversed the country. The liberals saw the risk-taking drive of these men and they wanted that kind of passion in their country. The ATC had already spurred growth in the country. Writing about his travels along the transit route, E.G. Squier noted that every small village along the transit route was “brought into existence” by the ATC.\textsuperscript{143} Each of these villages had a hotel and restaurants, which helped the economy. The liberals may have felt that an infusion of three hundred U.S. citizens, each with two-hundred and fifty acres to put into use, was what the country needed to obtain political, social, and economic stability and growth. Unfortunately, they tied their hopes to a man who was more entrepreneur then liberator.\textsuperscript{144}

At first Walker declined Cole’s offer because he was afraid that the contract violated the Neutrality Act. In his failed attempts to colonize Sonora, Walker had a run in with the United States government over his violation of that law, which cost him time and money.\textsuperscript{145} Like most experienced filibusters, Walker knew that law better than people whose job it was to enforce it. Cole restructured the contract to Walker’s liking, and the two began recruiting their army.\textsuperscript{146} Yet, even with the reward of money and land the duo had trouble recruiting three-hundred men. Not wanting to waste any more time, in fall of 1855, Walker and fifty-six filibusters set sail from San Francisco to San Juan del Sur, the ATC’s Pacific port. Once on land, Walker’s forces went to work defeating the conservative army. The small band of Americans swiftly turned the tide for

\textsuperscript{144} Gobat, \textit{Confronting the American Dream}, 34-35.
\textsuperscript{145} “Summery of the News of the Fortnight,” \textit{Alta California}, Oct. 16, 1853.
\textsuperscript{146} Scroggs, \textit{Filibusters and Financiers}, 87.
the liberals. Walker’s quick success drew U.S. citizens and businessmen to support his war. Walker, they thought, had won Nicaragua for the United States, but Walker’s involvement with the ATC caused his shooting star to come crashing down.

In 1853, Cornelius Vanderbilt sold his shares in the AAPSCC and the ATC and resigned as the director of both. Charles Morgan, the company’s New York ticket agent and steam engine manufacturer, seized on this opportunity and bought as much of the stock that he could. Vanderbilt made an enormous profit off the sale of his shares, at the time they were two of the highest traded stocks on Wall Street. Although he was no longer the president, before stepping down, Vanderbilt arranged for himself to receive twenty percent of the company’s profits. However, Morgan and the board had other plans. While Vanderbilt was on vacation in Europe, Morgan, with the help of his California partner C. K. Garrison and the full cooperation of the board, became president of the ATC. The company, under the new regime cut Vanderbilt out of the company’s profits. Vanderbilt felt betrayed that his former employees and colleagues treated him in such a manner. He swore revenge against Morgan and Garrison and for the next five years the three men engaged in cutthroat competition to control the Nicaraguan transit route.147

Vanderbilt first tried to undercut the ATC by creating a new transit company, the Independent Operation Line, and offered cheaper fares through Panama. After this did not stop the ATC he turned to the stock market. The war in Nicaragua and the company’s troubles in San Juan created uncertainty—the one thing that investors hate most—which drove down the price of the stock. Unbeknownst to Morgan and Garrison, Vanderbilt slowly bought up shares and became the majority stock holder. Once in control of the company, Vanderbilt made himself head of the board and his first action was to fire the men he believed betrayed him. This did not

stop Morgan and Garrison from coming up with their own plan to take control of the Nicaraguan transit route.\textsuperscript{148}

Vanderbilt’s hostile takeover did not make the company stable, and soon he lost control due to his greed and contempt for the Nicaraguan government. Since the first year the ATC began operating it never lived up to its obligation to pay Nicaragua. With Vanderbilt as its leader things did not change. The ATC insisted that it never turned a profit nor did they allow the Nicaraguan government to inspect their records.\textsuperscript{149} Yet Vanderbilt’s anger over losing his cut of the profits raises serious doubt about the company’s claims. Vanderbilt might have also been operating under the assumption that Walker, now in control of Nicaragua, would not force the company to comply with its charter obligations since the ATC had transported American recruits for free, however, this was not the case. Morgan and Garrison took advantage of the situation and made a deal with Walker to gain back control of the company. Although Walker was waging a war against Nicaraguan conservatives, the \textit{New York Herald} reported that the real war raging in Nicaragua was the “contest between the old & new transit companies.”\textsuperscript{150}

Walker was not a stranger to Morgan and Garrison. Garrison, the former Mayor of San Francisco, was an acquaintance with Parker French, a former member of the California Legislature and one of Walker’s military generals. After his stint as mayor, Garrison opened a bank with Charles Morgan and worked as the San Francisco ticket agent for the ATC.\textsuperscript{151} Before Walker and his troops left the U.S., French meet with Garrison to discuss how to best “manage”

\textsuperscript{148} Dando-Collins, 36-45: 137.
\textsuperscript{150} “Importance of Central America,” \textit{New York Herald}, Jan. 26, 1858.
\textsuperscript{151} “New Bank Firm,” \textit{Alta California}, Jan. 3, 1856.
the “interest” of the ATC in Nicaragua. Once Vanderbilt wrestled back control of the ATC, Garrison and Morgan used their connections to secure Walker’s help. The men tried to take a page out of Vanderbilt’s playbook, by colluding to bring down the price of the stock so they could buy them. In December 1855, Garrison sent his son W. R. Garrison and their agent C. J. Macdonald to Nicaragua to meet with Walker to implement their stock job. Yet events unfolded that seemed to work out better for the pair. In the talks with Walker and his cohort of advisors, they determined that the ATC had forfeited its property rights in Nicaragua for lack of payment. Not coincidentally, Walker gave the new charter to Garrison and Morgan. Walker justified this decision by pointing out that Garrison had long supported his cause by personally paying the passage of all the troops who traveled to Nicaragua from California. Walker signed the company’s assets over to his lawyer to hide the identities of the real owners, in the hope of giving Garrison and Morgan time to purchase new steamships so they could continue sending men and supplies. Walker’s success in Nicaragua was almost solely dependent on the ATC and is steady stream of reinforcements. By mid-1857 the ATC, under Vanderbilt and Morgan and Garrison, had transported about 7000 men to Nicaragua, many of whom stayed to fight with Walker.

New York newspapers reported on the seizure of the ATC’s property, which caused its stock price to plummet. Vanderbilt complained to Secretary Marcy about Walker’s infringement on his property rights. It must have seemed to Vanderbilt that this violation of the ATC’s property was no different than what had transpired in San Juan. Past precedent dictated that the federal government would intervene on the ATC’s behalf. Even the newspapers speculated that

153 Ibid., 150-151
154 Ibid., 154-155
the U.S. Navy would soon be back in Nicaragua to avenge the company. The papers were also skeptical of the motivations behind the seizer and called the whole affair a “Wall street stock jobbing speculation.”\textsuperscript{156} This accusation was close to the truth, but the prediction that the U.S. would use force to protect the ATC was not. Marcy informed Vanderbilt that since the ATC was a Nicaraguan company he would need to direct his complaint to that country’s government.\textsuperscript{157} The fighting over the transit route had frayed the ATC’s relationship with the government. It seems that these capitalist ventures in Nicaragua were becoming more trouble than they were worth, and the State Department allowed Vanderbilt’s property to fall into the hands of his rivals.

Garrison and Morgan’s transit company was short lived and never made the profits they had hoped. The company had a shaky start. C. J. Macdonald, their agent in Nicaragua, who doubled as a general in Walker’s army, unbeknownst to his employers had advanced Walker twenty thousand dollars in gold.\textsuperscript{158} Money was not the company’s only problem. To make things worse, the Central American war against Walker had made transit across Nicaragua dangerous. To cut off Walker’s supplies, Costa Rican forces captured the steamship \textit{San Carlos} and took control of the San Juan river.\textsuperscript{159} This was the last straw for Morgan and Garrison. Without a friendly government in control of San Juan, the men would not risk sending any more ships. These men were more capitalist than warrior, and they decided to cut their losses, rather than risk the loss of more money and ships for a war that was not theirs.\textsuperscript{160} By April of 1857, Morgan and Garrison halted transportation to Nicaragua, a decision that left Walker without supplies. Walker

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\textsuperscript{156} “Financial,” \textit{Dover Gazette & Strafford Advertiser}, March 29, 1856.
\textsuperscript{157} Dando-Collins, 199.
\textsuperscript{158} Walker, 127.
\textsuperscript{160} Dando-Collins, 315-317.
\end{flushleft}
claimed the men’s “conduct was the result of weakness” and lack of heart to endure war.\textsuperscript{161}

Although the pair may not have had the stomach for a prolonged war, they had worked hard in the United States to garner support for Walker and the war efforts.

Since early 1856, supporters of William Walker had held meetings and rallies throughout New York City. On May 9, 1856, Captain Isaiah Rynders presided over one such meeting, which Congressmen Lewis Cass, John A. Quitman, and Stephen A. Douglas had organized. This was not the first time Rynders supported a filibuster. In 1850, he championed the cause of Narciso López and his ill-fated expedition to Cuba. He used his group, the Emperor Club, a militant arm of the New York Democratic Party, to parade through the streets in support of the filibuster. Rynders had filled the ranks of his club with prize fighter, who he did not hesitate to mobilize to enforce the Democratic agenda in the city.\textsuperscript{162} There was “no politician in the metropolis,” New York State Legislator Matthew Breen recalled, who “exercised more power, or commanded greater influence.”\textsuperscript{163} Rynders opened the event by explaining to the audience the importance of Nicaragua to the United States and in particular New York. Nicaragua was the “nearest great thoroughfare between the eastern and western portions” of the United States. Securing Walker’s government would protect U.S. “commerce…in that locality” and was essential to securing the “property of American citizens.”\textsuperscript{164} The property he spoke of was most assuredly that of Morgan and Garrison.

The next speaker of the night, General Walbridge, bluntly explained the importance of Walker’s regime. Walbridge acknowledged that the purpose of the meeting was to support the

\textsuperscript{161} Walker, 409.
\textsuperscript{162} Isaac Clark Pray, \textit{Memoirs of James Gordon Bennett and His Times} (New York: Stringer & Townsend, 1855), 355.
\textsuperscript{163} Matthew Patrick Breen, \textit{Thirty Years of New York Politics, Up-to-Date} (New York: Matthew P. Breen, 1899), 208.
“patriots” in Nicaragua. Yet his true reason for supporting Walker was “the commercial relations to [the United States’] expanding trade and commerce…and the important relation, [Nicaragua] holds between us and our countrymen on the Pacific.”\textsuperscript{165} In other words, giving support to the “patriots” in Nicaragua secured commercial routes between the Pacific and the Atlantic and expanded the reach of American commerce. Having a government in Nicaragua that was friendly to the commercial interests of U.S. merchants was the key to economic expansion and the impetus for Americans to support Walker.

After a few more speeches, Rynders called the event to a close but not before pleading with those in attendance “that the ball must be kept rolling—the movement must not die.”\textsuperscript{166} Seven months after Rynders’ plea, on December 23, 1856, the New York Herald ran an article entitled “The Commercial Effects of the Nicaragua Movement—Our New Indian Empire.” In it, the paper justified Walker’s war in Nicaragua as part of a historical process. Filibusters were not nefarious, but rather the natural process of a nation’s growth. Without filibusters, the paper claimed, Great Britain would never have been able to amass such an immense empire. In the same vein, the Herald argued that the United States’ conquest of Texas and California were both achieved by filibusters. To some extent, this claim is true. The United States’ experience with Texas did shape the tactics of the filibusters like Kinney and Walker. Walker’s goal in Sonora was to colonize the silver rich region then annex it to the United States. This was the vision the Herald had for Central America. But as the article unfolded, it revealed that the real intention of Walker’s supporters was not territorial expansion but commercial expansion. California had doubled the amount of trade that flowed into New York and if the U.S. controlled the

\textsuperscript{165} Ibid.
\textsuperscript{166} Ibid.
transportation route through Central America it would double again, which in turn would make New York the “true commercial center” of the world.\textsuperscript{167}

Four days later, the \textit{Herald} reran the article alongside two other articles that centered on the importance of Central America. The first scorned a proposed treaty between the United States and Great Britain that would recognize Britain’s protectorate over the Mosquito Coast and San Juan del Norte. The paper chastised Pierce’s weak foreign policy and his failure to remove Britain from Central America and enforce the Monroe Doctrine. The editorial claimed that the proposed treaty was a British scheme to supplant Walker as the leader of Nicaragua and to limit the United States’ “influence over all Central America to that of a subordinate and silent partner.” Forgetting the recent bombardment of San Juan, the paper accused the Pierce administration for not protecting U.S. commercial interests. The \textit{Herald} gave the President an ultimatum. If the government would not protect U.S. citizens in Nicaragua then “give us the solution of Walker.”\textsuperscript{168} Although, Pierce looked weak in foreign affairs to the \textit{Herald}, the paper did not know the full extent of Pierce’s foreign policy. The president wanted to put in place a policy that would protect U.S. property throughout the globe, not only in Nicaragua. He was not willing to sacrifice the good of the many for the good of the few. Because Walker’s supporters could not see past their own investment, they could not understand why the executive had refused to support them.

The second article reported that Charles Morgan and a group of wealthy and connected men had organized a rally to raise money, bread, bacon, and shoes to insure Walker’s success.\textsuperscript{169}

Yet what the group gathered was not as important as the men who gathered. Some of the most influential men joining Morgan were Duff Green, William L. Cazneau, Joseph Fabens, and Major John P. Heiss. These former government employees joined Tammany Hall official Captain Isaiah Rynders, the Irish nationalist Thomas F. Meagher, and one of Walker’s trusted Generals, Frank P. Anderson.\textsuperscript{170} This groups was dubbed by the \textit{Herald}, the “Court of Directors of Our Indian Empire.”\textsuperscript{171} The men of Our Indian Empire (OIE) did not randomly meet. They knew each other from the State Department as well as from business or personal dealings. Thomas Meagher, for instance, defended Joseph Fabens when he was on trial for violating the Neutrality Act.\textsuperscript{172} This connection between Morgan, Meager, and Fabens lends credence to the Nicaraguan accusation that the ATC supported Kinney colonization of San Juan. But no man represented the aims of the OIE better than William L. Cazneau.

In November 1853, Secretary of State Marcy appointed Cazneau to be the special agent to the Dominican Republic. His job was to represent the U.S.’s commercial interests and to prevent a European power from recolonizing the island.\textsuperscript{173} In essence he was the embodiment of the Monroe Doctrine. While in the Dominican Republic, he had negotiated a treaty between the two countries. The treaty, labeled the “Cazneau Treaty” by the New York newspapers, created free and neutral trade between the Dominican Republic and the United States.\textsuperscript{174} It achieved the United States’ vision for what it wanted to achieve in the Caribbean and around the world. It

\textsuperscript{173} May, “Lobbyist for Commercial Empire,” 392.
ensured that free ships made free goods. What Cazneau achieved in the Dominican Republic the State Department wanted to implement around the globe.

During the 1850s, American foreign policymakers strove to create free and neutral trade around the globe. But Great Britain and its navy stood in the way of this goal. President Pierce, James Buchanan the U.S. ambassador to England, and Secretary of State William L. Marcy pushed England to recognize the neutrality of U.S. merchants and to allow them to trade unabated during the Crimean War. Great Britain was the dominant sea power during this time, and Marcy knew that he must first reach a trade agreement with Great Britain to influence international law. If the U.S. diplomatic core ensured that Britain would respect the neutrality of the U.S. flag, thus protecting merchants’ property, they would expand the commercial reach of the United States. Buchanan pressed his English counterpart Lord Crampton to concede that the United States “flag should protect the property under it,” except for war contraband. Britain had long stopped American ships and seized goods from countries it was at war with, in effect stealing the property of American merchants. After many years of negotiations, the British Foreign Secretary, Lord Crampton, suggested that Great Britain would consider to “consent that war against private property should be abolished altogether upon the ocean,” which would allow U.S. shippers to trade unabated around the world.175

Soon after the nations reached an understanding on trade, Britain threatened the neutrality of the United States by contracting U.S. men to fight in their war against Russia.176 These actions outraged President Pierce, who saw the recruitment of United States citizens “without consent” of the government to be “an attack on the national sovereignty.” “[L]egal steps were immediately

175 33rd Congress 1st Session Ex Doc. No. 103, House for Reps, “Rights Accorded to Neutrals and Rights Claimed by Belligerents: Message from the President of the United States Transmitting Copies of Correspondence” (May 18, 1854). Italics mine.
176 “British Enlistment in the United States,” Meigs County Telegraph, April 10, 1855.
taken to arrest and punish the parties concerned,” which put an end to the “infringement” of the law.\textsuperscript{177} The administration’s focus on ending filibustering activities in the U.S. forced Pierce to disavow men like Kinney, as mentioned above, and William Walker. Yet Great Britain’s actions also caused an international bugaboo. Some called for war against Great Britain, which Pierce wanted to avoid. War with Britain would assuredly disrupt trade and put U.S. property at risk. But the president also could not appear weak, so he forced Britain to recall its representative to the United States. Pierce was serious about keeping the nation’s neutrality and the commercial advantages that came with it.\textsuperscript{178}

The crackdown on filibusters hindered the recruitment of U.S. citizens for Walker’s army. Indeed, the Pierce administration arrested Kinney and Fabens on the suggestion of the ATC, but that did not mean that Pierce would allow the company to violate the law by aiding Walker. In December of 1855, Joseph White and Parker French were in New York enlisting men to sail to Nicaragua and fight for Walker. In exchange for six months of service, White and Parker offered each man one-hundred and fifty dollars and two-hundred and fifty acres of land. With such generous terms, the pair recruited three-hundred men. But just as the men prepared to leave New York on the Transit Company’s vessel the \textit{Northern Light}, the District Attorney, John McKeon sent White a letter that demanded the vessel remain in the port of New York.\textsuperscript{179} He warned White that the government would use all its power “to repress all attempts at colonization in the Territory of Nicaragua.”\textsuperscript{180} Pierce warned the filibusters that he would “spare no effort to vindicate the law.” With the full backing of the executive, McKeon ordered the arrest

\textsuperscript{179} “Seizure of the Northern Light,” \textit{Boston Daily Advertiser}, Dec. 25, 1855.
of a handful of Walker’s recruits. But White did not heed the district attorney’s warning and the ship left port headed for Nicaragua. The U.S. sent three of its cutters to intercept the steamer and return it to New York. As the ships caught up with the *Northern Lights*, one cutter fired a blank at the steamer, but determined to make it to Nicaragua, the ship’s captain did not stop. To show that they were serious the ships fired three live round over the bow of the vessel. This volley had the desired effect and the navy escorted the filibusters back to port.

Back in New York, all three hundred men disembarked and were promptly interrogated by the U.S. Marshals. One hundred men confessed that they were going to Nicaragua to fight for Walker. Marshals also arrested White and the ship’s captain for obstruction. The actions of McKeon and the U.S. Marshal show a change in the U.S. policy towards the ATC. The state no longer allowed the ATC to do as it wished in Nicaragua. A citizen-funded war in Nicaragua endangered the neutrality of the nation and therefore all goods carried under the U.S. flag. Along these lines, the friction with Britain over the violation of the United States’ neutrality jeopardized the administration’s foreign policy. Pierce could not take a serious stance against the British recruitment of U.S. citizens if he allowed the ATC to do the same thing. To ensure commercial expansion, Pierce needed to keep the United States’ neutrality intact, even if that meant alienating the capitalists he had once supported.

As a former member of the State Department, Cazneau worked to secure the expansion of U.S. commerce in the Caribbean. For Cazneau, the best way to achieve the State Department’s goal was to get Britain out of the region and place Walker in controlled Nicaragua. In an 1856

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letter he justified the support of Walker in terms of the enforcing the Monroe Doctrine. In it, Cazneau painted the war in Nicaragua as a proxy war between the United States and Great Britain over control of the Caribbean and shipping routes between the Pacific and Atlantic. The winner of the war would gain control of the Western Hemisphere. The British funded the Costa Rican army to fight Walker and “seize the Pacific gate of the Nicaraguan transit.” They intended to disrupt American “inter-coast commerce and set permanent bounds to American expansion.” He echoed these same sentiments a year later in a letter to the editor in which he blamed the conflict on “British capitalists” who wanted to monopolize the trade route through Nicaragua. Cazneau did not see the irony of scolding British capitalists for doing what he and his cohort in OIE were trying to do. The fear that Britain would stifle American commercial expansion caused him to overlook these similarities. For him, whoever won the battle for Nicaragua would control the gate to the Pacific and the fate of world commerce.

Some Democratic politicians in Washington also saw the conflict in Central America as a British-funded ploy to “expel North Americans” from the region. If Britain succeeded the U.S. would lose the strategic shipping route that carried “some $4,500,000 of gold dust every month.” For representative Percy Walker of Alabama there were only two choices. Either Nicaragua would fall “into the grasp of our great commercial rival, England” or it would become part of the United States. If the United States was going to control the Asian market, then it could not allow the “Powers of Europe” to gain a foot hold in Central America or they would “check the [United States’] progress to commercial greatness.” Lewis Cass, ever the Anglophobe, believed the British recruitment of Americans and their involvement in Central America as a plot to

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undermine the Monroe Doctrine and disgrace America. If the United States allowed Britain to remain in Central America, they would control the trade routes between the Pacific and Atlantic.\(^{187}\) For these politicians, the success of Walker, and the protection to the ATC where essential to the United States becoming the dominant global leader in trade.

Although these politicians believed the war in Nicaragua was between Britain and the United States, they neglected the realize that the funding for the war came from private individuals inside the United States. There was a proxy war going on in Nicaragua, but it was between Morgan and Garrison and Vanderbilt. Morgan formed OIE to ensure Walker stayed in power and thus he and Garrison would remain in control of the transit route. But Vanderbilt did not give up after the State Department refused to help him. As soon as he discovered that Walker voided the ATC’s contract in Nicaragua he stopped all transportation to the country and redirected his ships to Panama. Vanderbilt also covertly supplied money to the ministers of Guatemala and El Salvador to buy weapons for their on-going war with Walker. Vanderbilt had the advantage in this situation. Although the men in the OIE were wealthy, their wealth did not compare to that of Vanderbilt’s. The steamship magnate had more money than all the nations of Central America combined, and he used it to ensure he came out on top.\(^{188}\) Even though the transit route was at the center of the proxy war, it was not the only investment that the members of the OIE pinned to Walker’s success. Many of its members had their own economic interests that hinged on Walker’s success.

Cazneau and Major Heiss held joint property interest in Nicaragua. Heiss had first traveled to Nicaragua as an employee of the State Department. Secretary Marcy hired Heiss, the


\(^{188}\) Dando-Collins, 229.
former editor of the *New Orleans Delta*, to relay dispatches between the two nations. While in Central America, the Tennessean became close with William Walker and soon abandoned his position with the State Department to become Walker’s Special Commissioner to the United States and Great Britain. Heiss had an easy time in this role. Neither country recognized Walker’s government as legitimate, which left Heiss with little work and much free time.\(^{189}\)

Though he was not useful as a diplomat, he made use of his time by participating in land speculation with William and Jane Cazneau and Joseph Fabens. Heiss and the others purchased land from Walker that held “valuable mines.” Even though the group wanted Walker to succeed, the also trusted that the U.S. government would protect the property if he did not. \(^{190}\) All three of the men served in the State Department and saw how the United States placed a high priority on private property and believed the same would be true for their property in Nicaragua. They needed Walker to sell them the land, but they expected the United States protect their investments.

Supporting filibusters was nothing new for Jane Cazneau. Under her nom de plume, Cora Montgomery, she wrote for the expansionist newspapers the *Democratic Review*, and the New York *Sun*, both advocates of expansion, as well as *La Verdad*, the mouth piece of the Cuban Junta. \(^{191}\) Jane Cazneau had an extraordinary political mind and the *Daily Scioto Gazette* praised her for being “ahead, in knowledge and tact, of half the states men in the Union.” Her ability to write with “masculine vigor and directness,” on issues of expansion increased her popularity. \(^{192}\) Cazneau supported filibusters to expand the United States. But more importantly for her and her


\(^{190}\) May, “Lobbyists for Commercial Empire,” 396 n. 25.


\(^{192}\) “Cora Montgomery,” *Daily Scioto Gazette*, April 21, 1854.
husband, the filibuster in Nicaragua gained them valuable property. Jane, like her fellow investors, believed that the United States government had an obligation to secure its citizens’ property. In the introduction to her book *Eagle Pass or, Life on the Border*, which chronicled her time living on the Texas-Mexico border, she laid out her view of the government’s role. The state’s obligation, she exclaimed, was to ensure the “sanctity of our soil” because “*Americans and their property*” had a right to be “protected from spoliation.” Cazneau’s view on the government’s role in protecting property was not at odds with the Pierce administration. The president made it clear in the inaugural address that the government would guard its citizen’s property from spoliation. But where Cazneau and her group of investors went wrong was believing that the state would protect their property at the expense of Pierce’s broader foreign policy agenda.

Another one of Cazneau’s partners, Duff Green, had a peculiar reason for supporting Walker: bird guano. Green, a former member of Andrew Jackson’s “Kitchen Cabinet” and a connected man in Washington, wanted to exploit the bird dung-covered islands off the coast of Nicaragua that were under Walker’s control. In 1857, Green and Fabens formed the Atlantic and Pacific Guano Company to harvest the nitrate-rich excrement and sell it to American farmers. Congress had passed the Guano Island act in 1856, which allowed U.S. citizens to claim islands that were not under the control of another nation. The island that Green and Fabens wanted was under the authority of Nicaragua and to secure the right to harvest the island they needed Walker to grant them permission, which he did. But like Morgan and Garrison, these men were more interested in making a profit than fighting a war. When Walker’s regime fell and the Nicaraguan

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government revoked the Atlantic and Pacific Guano Company’s property, the company moved its operations elsewhere in the Caribbean.\(^{195}\)

Walker’s end came sooner than any of his supporters had hoped. Cazneaux’s claims of a proxy war were accurate, but it was not necessarily a war between the United States and Great Britain. It was a war between two factions of the Transit Company. After a questionable election in June 1856, in which Walker declared himself president, Guatemala, Honduras, and El Salvador officially recognized Walker’s opponent as the legitimate leader of Nicaragua. With Britain and Vanderbilt’s support, the nations of Central America toppled the Walker regime. The United States stayed out of the war and did not step in to protect either the ATC or the Morgan and Garrison Line. Although the men in OIE may have believed in Walker’s mission, more important to them were their investments in Nicaragua. These capitalists’ view of American foreign policy did not go past their own investments. They failed to realize that their actions threatened the larger aims of the state. Presidents Pierce and Buchanan wanted to create a precedent that protected the property of all U.S. merchants and made all goods carried under the U.S. flag neutral. Individuals that threatened this goal could not and would not receive protection; even if they were U.S. citizens, their property would not be protected absolutely.

Unfortunately for the entrepreneurs dreaming of a commercial success in Nicaragua, Presidents Pierce and Buchanan did not want Walker dragging the United States into a war with Great Britain. Even though both presidents were ardent expansionists, between 1854 and 1858, they made a combined four proclamations discouraging citizens from filibustering and ordering the military to put a stop to these missions.\(^{196}\) Although these proclamations did little to stop men


from joining Walker, they showed that these presidents used the power they had to ensure the nation’s neutrality. With the U.S. government unwilling to help and Central American forces closing in, Walker’s reign in Nicaragua ended. On May 1, 1857 Walker and his men surrendered to Commander Charles Henry Davis of the United States Navy and repatriated to the United States. Upon returning to New York, the citizens of the city greeted Walker as a hero. The government did not arrest him nor put him on trial. It seems that although the president did not approve of his actions he also did not strongly disapprove of them either. Being a free man, Walker set to work planning his return to Nicaragua.

Once in the United States, Walker gathered enough money and men to set sail for Nicaragua again. President Buchanan ordered the U.S. Navy to stop Walker and his men from reaching San Juan. Yet the U.S. forces did not reach Walker before he disembarked in San Juan del Norte. Undeterred, on December 8, 1857, U.S. Naval Commodore, Hiram Paulding landed in Nicaragua, without the consent of President Buchanan or the Nicaraguan government. Although his order did not give him permission to enter Nicaragua, he sent marines ashore to arrest Walker and his men. Fifteen days later, Captain Joshua R. Sand, sailed up the San Juan river and arrested Colonel Frank Anderson and the remainder of Walker’s army. The arrest of Walker and his men created a firestorm of controversy back in the United States and divided Congress over how the U.S. enforced the Neutrality Act and the Monroe Doctrine.

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U.S. statesmen held a variety of opinions on Walker, yet there was a consensus over the strategic importance of the transit route. Congressmen Adrian, Quitman, and Stephens disagreed over filibusters in Nicaragua, but there was an agreement on the outcome: the U.S. would dominate the hemisphere. The discussion in Congress, although at first glance seems to have been about filibusters and the Neutrality Act, but was actually over what tactics the state should use to create a canal and enforce the U.S. hegemony in the region. The question that Congress debated was, whether the United States government could trust its citizens and corporations to take the lead on expansion.

The ATC’s infighting damaged the possibility of a canal in Nicaragua. Kentucky representative James B. Clay chided Walker’s wealthy northern backers “who had schemes and designs of their own” that were contrary to those of the state’s. The southerner, Clay advocated for the United States to invade Central America, not investors. Drenched in racist ideology, he argued that only an army under “the flag of the Union” should conquer the strategically important territory.\textsuperscript{198} Clay’s views had a consensus from representatives from the North and the South. Warren Winslow of North Carolina pressed his colleagues that if Nicaragua was vital to national “safety and happiness” then the nation should acquire it in a “manly and open war,” not with filibusters.\textsuperscript{199} Like Adrain, William Montgomery of Pennsylvania, feared that Walker and his filibusters would bring the United States into war with Britain. He wanted U.S. citizens to immigrate to the country and establish colonies. Nicaraguans, he argued, would see the superiority of the United States republicanism and work ethic and would ask to become part of

Although Montgomery and Adrain did not advocate war like Clay and Winslow, they all agreed that to protect the United States’ commercial interest, Nicaragua needed to be under U.S. control.

Walker’s fellow Tennessean, Felix Zollcoffer, saw a different path for U.S. to dominate in Central America. He argued for the United States to keep the Neutrality Act and to stay truly neutral in this situation. He claimed that the government had no right to interfere in the war raging in Nicaragua even if U.S. citizens fought and funded the war. Zollcoffer reasoned that by the United States staying neutral, Walker would remain in power and bring peace to Central America allowing transportation to continue through the country. Stability in Central America was “all-important to the best interest of the United States, in view of [its] Pacific and Atlantic possessions.” Again, politicians united over the idea that the transit route was the key to the economic success of the United States not the protection of individual’s property rights.

After Paulding arrested Walker, Morgan and Garrison tried to reestablish their shipping rights to Nicaragua, but the new interim government did not allow their ships into the country. They did not trust the men; they had been too close to Walker and supported his regime. In fact, the Nicaraguans had little faith in anyone Walker made deals with. When the new government came to power, they voided all contracts created by the Walker government and washed their hands of any business obligation it created. The members of OIE, hoped that the United States would protect their property, but the state intended to secure a canal and if that meant a small

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number of U.S. citizens lost their investments, so be it. After the war ended, the Nicaraguan government made a peace treaty with Costa Rica, which gave transportation rights to Joseph White and H. G. Stebbins’ newly formed Atlantic and Pacific Canal Company. Even though Nicaraguan policymakers prohibited Morgan and Garrison from operating in the country they still wanted a canal. The U.S. government did not object to the treaty since U.S. citizens held the rights to the canal. But the new treaty did anger Vanderbilt. He believed that the ATC still held the rights to the canal. To ensure that the new Nicaraguan government return the canal rights to its proper owner, Vanderbilt sent W. R. C. Webster to Washington to lobby on behalf of the ATC. The *Herald* believed that Webster, combined with Vanderbilt’s wealth, would convince the Nicaraguans to give the rights back to the ATC, because in Nicaragua, “everyone desired peace and money—and the latter is rather scarce.”

To ensure that the ATC regained control of the canal, Vanderbilt sent his son-in-law, D. B. Allen to Nicaragua to petition the new government. He reminded the Chamber of Deputies of the Republic of Nicaragua that since the Accessory Transit Company was “a corporation created by the republic of Nicaragua…it enjoyed certain powers and privileges” in the country. The company’s charter and contract with Nicaragua gave it exclusive rights to transport “passengers and merchandise between the Atlantic and Pacific,” which the “pretend” government of Walker could not void. His “imaginary sale and transfer of the said property to” Morgan and Garrison “deprived” the ATC “of its property and its rights” and if the Nicaraguan government did not respect these rights, Allen threatened they would be responsible to reimburse the ATC for all

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damages. But the government feared that Vanderbilt had no desire to construct a canal, but wanted the rights “simply to keep it out of the hands of any one else.”

Vanderbilt’s competitors also lobbied the governments of the United States and Nicaragua to recognize their rights to the transit route. The three factions used all their connections, powers, and money to influence the outcome. The amount of lobbying disturbed the editor of the Herald. During Walker’s filibuster, the paper championed the conquest of Nicaragua, praised OIE for their support, and denigrated the government for their interference. Yet, the fighting between capitalists over the canal caused the paper to change its view on who should control the transit route. It seems that the paper realized that the war between businessmen had made the canal’s completion uncertain, not the government crackdown on filibusters. By 1858, the paper changed its tone and pushed the United States and Nicaraguan governments to take control of the canal’s construction to ensure it opened. For the Herald, such an important task should not “be controlled by Wall street speculators any longer.”

In less than a decade the United States’ impetus for intervention in Nicaragua became clear. Policymakers wanted to dominate the passage route through the isthmus to facilitate the growth of the commercial empire. To achieve this aim, the United States needed to secure its neutrality. U.S. entrepreneurs took President Pierce at his word, when he pronounced that no matter how far U.S. citizens went the federal government would protect them. However, when Great Britain recruited U.S. citizens to fight in the Crimean War, and the U.S. business-backed war in Nicaragua threatened the U.S. neutrality and thus commercial expansion, the federal government ramped up its enforcement of the Neutrality Act. This response was detrimental to

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204 “Protest of Mr. D. B. Allen against the Stebbins and White Transit Route Grant,” New York Herald Jan. 28, 1858.
U.S. investors in Nicaragua. Once the new Nicaraguan government came to power, the State Department allowed the members of the OIE to lose their investments. But preserving the nation’s neutrality, and the economic benefits that came along with it, was more important than the property of individual citizens.

Davis and Paulding’s arrest of Walker showed that policymakers would not allow citizens to violate the Neutrality Act and endanger commerce. The State Department’s mission to expand the benefits of neutrality to all goods carried under the U.S. Flag became the top priority. The debate over Walker’s arrest demonstrated the unity among politicians over the primacy of the Monroe Doctrine. No matter the political party, politicians wanted the United States, not Europe, to dominate the hemisphere and the strategic transportation routes. Property rights were not the main issue in the discussion. What was at the heart of U.S. policy in Nicaragua was control over passage through the isthmus. Vanderbilt, Morgan, and Garrison’s use of filibusters in their corporate struggle endangered U.S. control of the transit route. Capitalist infighting drove policy and opinionmakers to push for federal-directed expansion because they no longer trusted Wall Street corporations to put the State Department’s agenda above their own. The federal government would now implement the Monroe Doctrine to take the lead in expanding the commercial empire.
Conclusion: Towards a New Day

After the filibuster controversy ended, the State Department went to work enforcing its foreign policy agenda and asserting U.S. dominance in Central America. No longer would the actions of American businessmen dictate how the state acted in the region. Although policymakers still envisioned private corporations constructing the canal, this time the federal government and the U.S. military would be proactive in setting its agenda. Yet before the Buchanan administration focused on the canal, they needed to come to an agreement with Great Britain over trading rights and the fate of Central America. U.S. merchants and policymakers had grown tired of Great Britain’s harassment of U.S. merchant ships. To bring an end to this practice, Secretary of State Lewis Cass opened negotiations to get Britain to recognize that U.S. neutrality protected its ships and goods from search and seizure.207

The growth of U.S. commerce was an issue that all legislators had supported, and the arrest of Walker made the British willing to negotiate. In a show of bipartisanship, the Senate passed a resolution that proclaimed Britain’s searches of U.S. vessels a violation of the nation’s sovereignty.208 This was no small feat to have agreement in the Senate in the lead up the Civil War. By June of 1858, after a year of negotiation, Britain changed its policy on its “right to search” U.S. ships upon the high seas. In return for allowing U.S. merchants to travel unmolested by the Royal Navy, Britain requested that the United States suppress any future attempt by Walker to conquer Nicaragua. Britain, looking out for its commercial interest, also requested that any canal built in the region remain neutral as stipulated by the Clayton-Bulwer Treaty. The U.S. Special Agent to Europe, Francis J. Grund, informed Secretary Cass that as “long as the transit

route were left open to all nations,” then “British Statesmen” had no reason to look “upon America as a rival nation whose expansion must be checked” in Central America.\(^{209}\) Presidents Pierce and Buchanan use of the Navy to arrest Walker, it seems, demonstrated to the British that the United States took its neutrality seriously. In return for the U.S. keeping peace in Nicaragua, Britain would treat the U.S. as an equal, not a rival.

British policymakers had made a calculated decision to no longer harass U.S. merchants. The difficulties in Nicaragua caused British policymakers to question if holding territory in the region had become more trouble than it was worth. When they had taken over Greytown in 1848, it looked like the place where they would build a canal, but after the town’s destruction and the heavy U.S. presence in the region, that dream had disappeared. The British press and citizens also began to apply pressure on their government to ease tensions with the U.S. They pushed their government to get out of the region and stabilize trade relations with the United States. *The Economist* determined that as long as the “Anglo-Saxon” race controlled Central America, the region would be worth “tenfold the present value” to British merchants. By 1858, Lord Palmerston agreed with *The Economist*. For the economic prosperity of Britain, it was better to have Central America under U.S. control rather than Spanish.\(^{210}\) Although Britain kept Belize, by the end of the decade it gave up its claims to the Bay Island off the coast of Honduras and the whole Mosquito Coast.\(^{211}\) The United States military actions against its own citizens had shown Britain that U.S. policymakers were now serious about enforcing the Monroe Doctrine. The


importance of these major diplomatic victories to the creation of the U.S. commercial empire have perhaps been overlooked because they happened right as the U.S. plunged into the Civil War.

While at the same time Secretary Cass had the State Department working on reaching an agreement with Britain, he was also focused on Nicaragua. After the arrest of Walker, Cass met with his Nicaraguan counterpart, Jose de Yrisarri, to negotiate a treaty of peace and commerce between the nations. Although the Nicaraguan Assembly never ratified the treaty, its terms expose what U.S. policymakers had learned from the turbulent past few years in Nicaragua. First and foremost, Secretary Cass wanted to protect and expand U.S. commerce and increase the United States’ power to intervene in Nicaragua. The treaty stipulated that the Nicaraguan government could not impose tariffs that discriminated against American merchants. It also mandated that the port cities of San Juan del Norte and San Juan del Sur would be free to U.S. merchants. These cities would be similar to independent San Juan that the United States had destroyed, except, they would be under the jurisdiction of the friendly Nicaraguan government. In these cities, U.S citizens could live, work, and marry without declaring allegiance to Nicaragua. If a citizen did become a nationalized Nicaraguan, however, the treaty specified that they never gave up their right to U.S. protection. To ensure that the U.S. could use military force if it deemed necessary, the treaty stated that if the Nicaraguan government failed to protect U.S. expatriates, then the U.S. could intervene on their behalf.212 The bombardment of San Juan had set a precedent, and Secretary Cass wanted to ensure that next time the U.S. use military force, it had legal justification.

Protecting U.S. citizens in Nicaragua was only one aspect of what Cass tried to achieve with the treaty. Perhaps the two most important points pertained to the future canal and its protection. During the Filibuster War, Costa Rica had taken control of the San Juan river, which shut down transportation through Nicaragua. To ensure such actions never happened again, the treaty specified that the U.S. would station troops along the route to ensure the canal remained open, even during times of war. These troops served a dual purpose. Walker’s filibuster had exposed the weakness of the Nicaraguan government to protect itself from outside forces. The U.S. troops stationed in Nicaragua would not only protect the canal but would “maintain [Nicaragua’s] internal quietude.” In other words, to ensure the canal stayed open for U.S. merchants to use, the United States would turn Nicaragua into a protectorate.

With this new treaty, Secretary Cass seemed to retroactively vindicate the United States’ actions in Nicaragua. The U.S. bombarded San Juan because the government of Nicaragua had failed to protect the rights of the ATC. Even though the ATC incorporated in Nicaragua, the company’s owners were U.S. citizens and therefore the U.S. protected them. Cass wanted to give the U.S. military the right to intervene in Nicaragua with or without the nation’s consent. The Cass-Yrisarri Treaty gave the U.S. Navy free reign to intervene in Nicaragua as long as their actions protected the canal and stabilized the country. The treaty would have allowed policymakers to continue acting as it had been since they bombardment of San Juan. They could deploy the military, destroy entire cities, overthrow democratically elected governments, or arrest their own citizens, all in the name of protecting the canal and the commercial empire.

The Philadelphia newspaper, the North American, championed the treaty and recognized that it was a response to the past five years. The paper informed its readers that by placing a large

\[213\] Ibid.
military presence in Nicaragua the “new treaty…opens and secures the transit across Nicaragua” by “placing [the canal] under the protection of the United States.” But the heightened military presence also delivered a “death blow to the disgraceful filibustering expeditions that have threatened Nicaragua.” The paper contended that the treaty exposed how “short sighted and hot headed” Walker’s supporters had been because, unlike the filibuster, the treaty permanently “secur[ed] the interest of the United States in Central America.”

The New York Herald pointed out the importance that the treaty had on the Monroe Doctrine and future U.S. policy in Latin America. The paper shot down claims that the treaty turned Nicaragua into a protectorate by arguing that the U.S. would only act if an outside force threatened the transit route. The Herald theorized that the treaty’s greater significance was to U.S. foreign policy. “The importance of the Yrisarri Treaty is derived from the fact that it inaugurates a new policy” in Central America. The “great political axiom” of the United States, the Monroe Doctrine, had been “doubtfully advanced” by U.S. policymakers. But now, in 1858, the doctrine was the “cardinal point of [the United States] political creed.” Once Congress ratified the Cass-Yrisarri Treaty, the Monroe Doctrine would be “virtually established as one of the main principles” of the U.S. policy in Latin America. The Herald, which had advocated for Walker and OIE, now supported greater government control of expansion into Central America.

By end 1858, the U.S. policy towards Latin America had been shaped by two pivotal events, the bombardment of San Juan and the arrest of William Walker. These events defined the Monroe Doctrine and were a vital turning point in the United States’ position in Central America, which can be seen in the Cass-Yrisarri Treaty. It was no longer unclear to U.S.

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policymakers how they could use the doctrine to achieve and protect the United States’
commercial empire. Although the Nicaraguan government never ratified the treaty, its contents
reveal how U.S. policymakers envisioned the United States’ role in Central America. Although
the state still needed American businessmen to build the canal, there would be a larger military
presence to ensure it was protected, even from U.S. citizens. The U.S. actions in Nicaragua
between 1849 and 1858 set a precedent for the U.S. to protect its economic and imperial interests
in the Western Hemisphere. As the Herald noted, policymakers would no longer hesitate to
invoke the Monroe Doctrine to assert the United States’ dominance in the region.
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86
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