



Confronting the American Dream

NICARAGUA UNDER U.S. IMPERIAL RULE

..... MICHEL GOBAT

Confronting the American Dream

American Encounters • GLOBAL INTERACTIONS

A series edited by Gilbert M. Joseph and Emily S. Rosenberg

This series aims to stimulate critical perspectives and fresh interpretive frameworks for scholarship on the history of the imposing global presence of the United States. Its primary concerns include the deployment and contestation of power, the construction and deconstruction of cultural and political borders, the fluid meanings of intercultural encounters, and the complex interplay between the global and the local. American Encounters seeks to strengthen dialogue and collaboration between historians of U.S. international relations and area studies specialists.

The series encourages scholarship based on multiarchival historical research. At the same time, it supports a recognition of the representational character of all stories about the past and promotes critical inquiry into issues of subjectivity and narrative. In the process, American Encounters strives to understand the context in which meanings related to nations, cultures, and political economy are continually produced, challenged, and reshaped.

MICHEL GOBAT

Confronting the American Dream

NICARAGUA UNDER U.S. IMPERIAL RULE

Duke University Press Durham and London 2005

© 2005 Duke University Press

All rights reserved

Printed in the United States of America

on acid-free paper ∞

Designed by C. H. Westmoreland

Typeset in Minion by Keystone Typesetting, Inc.

Library of Congress Cataloging-in-

Publication Data appear on the last
printed page of this book.

FOR MY MOTHER AND IN MEMORY OF MY FATHER

Contents

Illustrations ix

Tables x

Acknowledgments xi

Introduction 1

PART I • Manifest Destinies, 1849–1910 19

1. Americanization through Violence: *Nicaragua under Walker* 21

2. Americanization from Within: *Forging a Cosmopolitan Nationality* 42

PART II • Restoration, 1910–1912 73

3. Challenging Imperial Exclusions: *Nicaragua under the Dawson Pact* 75

4. Bourgeois Revolution Denied: *U.S. Military Intervention in the Civil War of 1912* 100

PART III • Dollar Diplomacy, 1912–1927 123

5. Economic Nationalism: *Resisting Wall Street's "Feudal" Regime* 125

6. Anxious Landlords, Resilient Peasants: *Dollar Diplomacy's Socioeconomic Impact* 150

7. Cultural Anti-Americanism: *The Caballeros Católicos' Crusade against U.S. Missionaries, the "Modern Woman," and the "Bourgeois Spirit"* 175

PART IV • Revolution, 1927–1933 203

8. Militarization via Democratization: *The U.S. Attack on Caudillismo and the Rise of Authoritarian Corporatism* 205

9. Revolutionary Nationalism: *Elite Conservatives, Sandino, and the Struggle for a De-Americanized Nicaragua* 232

EPILOGUE • Imperial Legacies: *Dictatorship and Revolution* 267

Notes 281

Selected Bibliography 325

Index 351

Illustrations

MAP 1. Political map of Nicaragua (1920s) xvi

MAP 2. Major U.S. interventions in the Caribbean Basin,
1898–1930s 4

MAP 3. Transit route, 1849–68 20

MAP 4. Topographic map of Granada 165

MAP 5. Sandino's base of operations and major Sandinista raids,
1927–33 234

FIGURES

1. Nicaraguan workers on U.S. canal survey expedition, 1884 48

2. Elite residence in Granada 55

3. San Antonio sugar mill, 1910 58

4. U.S. teachers at Granada's Young Ladies College, 1884 60

5. Students of Young Ladies College, 1884 60

6. Interior of elite household in Granada, 1884 61

7. General Luis Mena, 1911 83

8. Anti-U.S. revolutionaries marching in León, 1912 104

9. U.S. Admiral Southerland en route to Managua, 1912 115

10. President Emiliano Chamorro, ca. 1926 140

11. Female combatants in the civil war of 1926–27 142

12. Rural transport conditions, ca. 1927 156

13. "Modern" women, 1927 186

14. Female basketball players, ca. 1927 191

15. President Adolfo Díaz and Pedro Joaquín Chamorro Zelaya,
ca. 1927 196

16. Cantonal electoral board in rural Nicaragua, 1928 209

17. Transporting ballot boxes to Managua, 1928 213

18. U.S. military distributing milk and smallpox vaccine, 1931 217

19. Typical Guardia Nacional infantry company, 1931 219

20. Captured Sandinista flag 233

21. General Sandino, Agustín Farabundo Martí, and José de Paredes, 1929 237

22. Sandinista soldiers in the Segovian mountains 241

23. Sandino and the signers of the 1933 peace treaty 247

24. Gabry Rivas, Adolfo Benard Vivas, and Julio Cardenal Argüello, 1928 251

25. Sandinista soldiers at their disarmament, 1933 252
26. “Granadinos don fantastic garb to exorcise evil spirits
on Christmas Eve,” 1932 258

TABLE 1. Central America: Annual average rates of growth of total exports
at constant 1980 prices (%), 1890–1940 152

TABLE 2. Central America: Volume index of coffee export production,
1905–34 153

TABLE 3. Granada’s mortgage market by loan size: 1910 and 1925 162

Acknowledgments

IT GIVES ME GREAT PLEASURE to acknowledge the many debts I have incurred in completing this book. I would first like to extend my special thanks to John Coatsworth and Friedrich Katz, my professors at the University of Chicago. I am extremely grateful for the advice, support, and encouragement they have given me every step of the way; their own work has also been a great source of inspiration to me. I am also deeply appreciative for the intellectual and moral support of Jeffrey Gould, Leora Auslander, and Hans Werner Tobler, who guided my first foray into Nicaraguan history.

In Nicaragua, I am profoundly indebted to the staffs of numerous archives and libraries for their unbounded generosity and flexibility, without which I would not have been able to complete this study. I would especially like to thank Alfredo González Vélchez, Ana Rosa Morales, and their colleagues at the Archivo Nacional de Nicaragua; Eliázar Morales Marengo and Juana Blanco Mendoza of the Archivo de la Municipalidad y de la Prefectura de Granada; Margarita Vannini and the staff of the Instituto de Historia de Nicaragua y Centroamérica; Reyna Clark and the staff of the Registro Público de la Propiedad de Granada; and the staff of the Hemeroteca Nacional de Nicaragua, particularly Edmundo Navarro and Cristina Ortega. All allowed me especially broad access to their holdings and provided helpful advice; they were also extremely welcoming to me and supportive of my project. I am also deeply indebted to Silvio Urbina Ruiz and Leopoldo Guevara of the Alcaldía de Granada for allowing me unlimited access to the municipality's historical documents and for backing my work at a key moment in the research. I would also like to express my thanks to Eva Tatiana Torres from the Instituto de Historia de Nicaragua y Centroamérica for providing me with photographs for this book.

I am deeply appreciative of the support and advice I received from many scholars in Nicaragua. I particularly want to thank the following researchers at Managua's Instituto de Historia de Nicaragua y Centroamérica for sharing with me their knowledge of Nicaraguan history and for their intellectual camaraderie: Margarita Vannini, Frances Kinloch Tijerino, Alvaro Argüello Hurtado, and Miguel Angel Herrera Cuarezma. I am especially grateful for Miguel Angel's friendship and hospitality, and for Frances's and Margarita's unwavering support and generosity. Many thanks also go to Germán Romero

Vargas, Jorge Eduardo Arellano, Michelle Dospital, Xiomara Avendaña Rojas, Mercedes Mauleón Isla, Günther Schmigalle, Nelly Miranda, Roberto Cajina, Oscar-René Vargas, Amaru Barahona, and Rafael Casanova Fuertes.

In Granada, I would like to thank the many individuals who welcomed me with such open arms. I cannot express how grateful I am for the hospitality, moral support, and friendship that Dieter Stadler, director of the cultural center Fundación Casa de los Tres Mundos, and his wife, Lydia Quezada, so graciously extended to me. Dieter not only allowed Laura and me to make the Casa our home but has always been there whenever I have needed him. Many special thanks also go to the staff of the Casa de los Tres Mundos, as well as Angel Márquez Leypon, Alvaro Rivas, Fernando López, Mariano Marín, Ana Rosa Morales, Paúl Morales, Bernardo Marengo, and Justin Wolfe for making life in Granada such a wonderful experience. In addition, I am very grateful for the conversations I had with Dela Pérez Estrada viuda de Marín, Graciela Bendaña viuda de Dreyfus, Lola Coronel Urtecho viuda de Chamorro, Jaime Barberena Meza, Francisco Barberena Bendaña, Jimmy Avilés Avilés, Raúl Xavier García, Leopoldo Guevara, the late Gonzalo Meneses Ocón, Luis Mora Castillo, and María Ernestina Chamorro Favilli. I am also greatly indebted to Héctor Mena Guerrero and José Joaquín Quadra Cardenal, both of whom have been so generous with their time and have taught me so much about the history of their city. Special thanks are also owed to Henry Díaz, Julio Díaz, and Verónica Castillo for their outstanding research assistance. My deepest appreciation goes to the late Luciano Cuadra Vega and his wife, Ana Gómez Alfaro, whose friendship and memories made my stay in Granada so special.

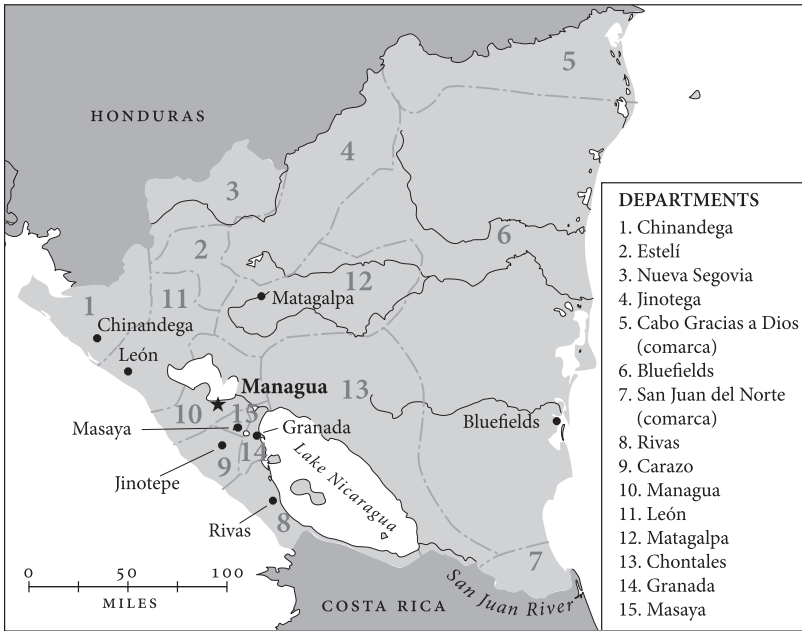
In the United States, many colleagues and friends have given me extremely helpful feedback for which I am deeply appreciative. I am forever grateful to Laura Gotkowitz, whose critical comments, challenging questions, and unlimited support have been indispensable to this project. I also benefited greatly from the extensive comments provided by Matilde Zimmerman and the second, anonymous reviewer for Duke University Press. I am especially indebted to Aldo Lauria-Santiago and Richard Warren for their close and critical reading of many chapters, and to Laurie Milner for her editorial advice. For valuable comments and criticism, I would also like to thank Barry Carr, Charles A. Hale, Barbara Weinstein, Nils Jacobsen, José Antonio Cheibub, Michael Schroeder, Jorge Domínguez, Lowell Gudmundson, José Antonio Fernández, Víctor Hugo Acuña, Arturo Taracena Arriola, Iván Mo-

lina Jiménez, Völker Wunderich, Julie Charlip, Charles Walker, Aviva Chomsky, Robin Derby, Jeremy Adelman, Jim Giblin, Stephen Vlastos, T. M. Scruggs, and Justin Wolfe. At the University of Iowa, I am very grateful to Colin Gordon and Todd Erickson for producing the maps and to Linda Edge-Dunlap for preparing the photographs. Angela Keysor and Michael Hohenbrink provided much appreciated research assistance. Special thanks go to Laura Moss Gottlieb for preparing the index. I would also like to thank my editor at Duke University Press, Valerie Millholland, for all her help and support, and Mark Mastromarino for his smooth shepherding of the book through the production process.

Funding for this project was generously provided by the following institutions: the MacArthur Foundation (through the University of Chicago's Council on International Peace and Cooperation), the Swiss National Fund for Scientific Research, the Sawyer foundation (through the Harvard University Trade Union Program), the National Endowment for the Humanities, and the University of Iowa (the History Department, Office of the Provost, Office of the VP for Research, International Programs, and the College of Liberal Arts and Sciences).

Finally, I wish to thank my mother, Irmgard Gobat, for all her support and encouragement. My greatest and never-ending thanks go to Laura, my lifelong *compañera*, for sustaining me with her enthusiasm and love.

Confronting the American Dream



MAP 1 Political map of Nicaragua (1920s)

Introduction

U.S. INTERVENTION HAS MARKED few nations as profoundly as Nicaragua. The most recent incursion was the Reagan administration's undeclared war against the Sandinista Revolution of 1979–90. Yet U.S. efforts to dominate Central America's largest country have a much deeper history, for the United States long believed that its global aspirations depended on controlling Nicaragua's transisthmian passage. As early as 1788 Thomas Jefferson proclaimed his country's interest in using the San Juan River and Lake Nicaragua to build a canal that would link the Atlantic and Pacific oceans.¹ Not until the following century, however, did the United States actually seek to construct such a canal. Although U.S. expeditions accomplished little beyond surveying the projected route, they enjoyed strong local support, since many Nicaraguans valorized the canal as their gateway to the “civilized” world. In June 1902, the United States shocked Nicaraguans when it suddenly decided to build the interoceanic canal in Panama. The abrupt decision did not end U.S. efforts to dominate Nicaragua, however. On the contrary, the United States meddled even more deeply in Nicaraguan affairs, as it sought to prevent other foreign powers from constructing a rival canal. These efforts culminated in the U.S. occupation of 1912–33. In the end, the canal project brought Nicaragua not the expected riches but U.S. intervention. Few better foresaw this tragic outcome than the Nicaraguan journalist who warned his compatriots in 1845, “The waterway across the Isthmus of Nicaragua is the apple in our Eden. It will be our curse.”²

This book examines the history of U.S. intervention in Nicaragua from the heyday of U.S. Manifest Destiny in the mid-nineteenth century through the U.S. occupation of 1912–33. Covering the two main phases of U.S. expansionism into Latin America, it considers the efforts of diverse U.S. actors to reshape Nicaragua in their own image and according to their own interests. First and foremost, however, it explores how Nicaraguans experienced and confronted U.S. intervention. Time and again, the United States has projected not just its power but its institutions and values—the “American dream”—onto other nations.³ More often than not, such impositions have triggered fierce nationalist opposition around the world. In Nicaragua, U.S. intervention engendered what may be Latin America's most celebrated anti-U.S. insurgency: the Sandino Rebellion of 1927–33.

While this study examines how Nicaraguans actively resisted U.S. impositions, it also seeks to uncover the deeper, more ambiguous effects of U.S. intervention. Above all, it focuses on two apparent paradoxes that have hitherto escaped scholarly attention: Why did so many Nicaraguans embrace U.S. political, economic, and cultural forms to defend their own nationality against U.S. impositions? And why did the U.S. occupation of 1912–33 push Nicaragua’s wealthiest and most Americanized elites to turn against the U.S. ideals of modernity that they had valorized for so long, thus transforming them from leading supporters of U.S. imperial rule into some of its greatest opponents? Both questions challenge us to reassess not only the role of U.S. intervention in Nicaraguan history but the nature and limits of U.S. imperial rule more broadly.

Nicaragua and U.S. Expansionism

The history of U.S. intervention in Nicaragua begins in 1849, when the California gold rush turned the Central American isthmus into a major transit for westbound fortune hunters and a key target for U.S. expansionists. Nowadays, U.S. expansionism under the banner of Manifest Destiny is associated primarily if not exclusively with the conquest of the “American West.” Yet the age of Manifest Destiny hardly ended with the United States’ annexation of California following its 1846–48 war against Mexico. In fact, this annexation only strengthened North Americans’ expansionist impulse. Some sought to spread their country’s influence even farther west, as evident in Commodore Matthew Perry’s “opening” of Japan in 1853. But many more set their sights southward and viewed Latin America as the new “frontier.” These expansionists, the so-called filibusters, invaded Latin American nations without the official backing of the U.S. government. Thousands and thousands of North Americans participated in the private military expeditions. Although some filibusters went as far as Ecuador, most confined themselves to the Caribbean Basin. The only filibuster expedition that achieved lasting control of Latin American territory was the one that ruled Nicaragua between 1855 and 1857.

The Nicaraguan filibusters were led by the era’s most notorious apostle of Manifest Destiny: William Walker. After seizing control of Nicaragua in 1855, this former gold rusher strove to “Americanize” the country by replacing the native populace with U.S. colonists and implanting U.S. institutions such as slavery. Extremely popular in the United States, Walker attracted nearly ten thousand North American men and women, making this one of the largest

U.S. exoduses to Latin America ever. For two long years, Walker and his troops waged a brutal war against Nicaraguans and other Central Americans as they tried to create an “American empire” in the region. Despite the racial superiority they believed they embodied, these U.S. expansionists failed miserably and were expelled from Nicaragua in 1857.

The U.S. civil war of 1861–65 curbed the country’s expansion into Latin America and across the Pacific Ocean. At the turn of the century, however, the United States once again seized control of major overseas territories. As in the 1850s, this second phase of U.S. expansionism targeted the Caribbean Basin. Except for Puerto Rico, the United States did not formally colonize the region’s nations. Instead it turned them into protectorates, allowing them to remain nominally independent while exercising extensive control over their internal and external affairs. A mix of strategic, economic, political, and ideological motives drove the United States to establish its so-called informal empire. Between the 1890s and the early 1930s this renewed expansionism into the Caribbean Basin produced over forty U.S. military interventions.⁴ While some were brief, others ushered in lengthy military occupations (see map 2). Of these occupations, none lasted longer than the one suffered by Nicaragua.⁵

The occupation of 1912–33 represented the greatest U.S. effort to turn Nicaragua into “a little United States.”⁶ Granted, the occupation never engendered a U.S. military government as in Cuba (1898–1902), the Dominican Republic (1916–24), and Haiti (1915–34). Nor did it trigger a massive influx of North American capital. Still, the U.S. occupation profoundly destabilized Nicaragua. Most notably, it produced the protracted guerrilla war waged by Augusto Sandino’s peasant-based movement against a combined U.S.-Nicaraguan military force. In addition, the occupation led to the disruptive U.S. takeover of Nicaragua’s public finances under the aegis of dollar diplomacy. This takeover not only impeded the development of Nicaragua’s agroexport economy and fanned political conflicts that culminated in the civil war of 1926–27, it also empowered peasant producers to challenge the economic dominance of large landlords. The occupation further subverted the existing order by facilitating the dramatic spread of U.S. Protestant missionary activities. In seeking to “uplift” the lower classes, U.S. missionaries aggressively promoted Nicaragua’s Americanization and undermined the authority of the Catholic Church and its elite allies. Finally, the occupation entailed a fateful democratization campaign that was conducted by the U.S.



MAP 2 Major U.S. interventions in the Caribbean Basin, 1898–1930s

military between 1927 and 1932. While this campaign resulted in some of the fairest elections in Nicaraguan history, it also enabled a U.S.-established military institution—the Guardia Nacional—to become the most powerful political force in the all-important countryside. So deep were the occupation’s effects that it helped produce Central America’s lengthiest dictatorship, the Somoza dynasty of 1936–79, and its only successful social revolution, the Sandinista Revolution of 1979.

Americanization and Anti-Americanism

Nicaragua’s long encounter with U.S. intervention has been generally viewed by both scholars and contemporary observers in dichotomous terms: Nicaraguans either abetted U.S. impositions or bravely rejected them.⁷ By the 1850s many Central Americans fretted about how Nicaraguans seemed to be throwing themselves into the arms of U.S. expansionists. Then in the early twentieth century, Nicaragua’s wealthiest and most Americanized elite sec-

tor—the Conservative oligarchy based in Granada—became so closely associated with the U.S. occupation that its members evolved into some of Central America’s most infamous *vendepatrias* (“country sellers”). But of all the possible Nicaraguan culprits, none have been more vilified as agents of U.S. imperialism than the Somoza dictators, who ruled via the most thoroughly U.S.-trained military institution in Latin America: the Guardia Nacional. On the other hand, the list of anti-U.S. heroes is just as long and includes President José Santos Zelaya (1893–1909), whose nationalist policies pushed the United States to engineer one of its first ousters of a foreign government; General Benjamín Zeledón, who died fighting the U.S. invaders of 1912; and of course Augusto Sandino and the latter-day Sandinistas, who gained worldwide support for their revolutionary challenges to U.S. power. These Manichaeian images of accommodation and resistance have served as powerful political weapons for Nicaraguans and foreigners alike. Yet they obscure the ambiguities that defined Nicaraguans’ encounter with the “northern colossus.”

This book seeks to elucidate the deeper, more ambiguous effects of U.S. intervention by examining elite Nicaraguans’ embrace of particular U.S. ways, on the one hand, and their anti-Americanism, on the other. It focuses on elites precisely because they were the Nicaraguans whose power and identity were most transformed by U.S. imperial rule. Their response to U.S. influence was also the most ambivalent. In addition, elite formation is a vantage point for exploring why U.S. imperial rule in Nicaragua, unlike elsewhere in the Caribbean Basin, helped “democratize” rural society by weakening landlord hegemony over the peasantry. As we will see, this peculiar impact of U.S. imperial rule was unintended and resulted from the fact that poorer Nicaraguans managed to cope more effectively with U.S. political and economic impositions than was possible for elite Nicaraguans. Indeed, a key goal of this book is to show how Nicaraguans’ variegated experiences with U.S. intervention gave rise to different and, at times, competing forms of pro- and anti-Americanism.

After considering how the California gold rush produced the first U.S. intervention in Nicaragua, the book details the ways that the Walker disaster of 1855–57 paradoxically strengthened elite Nicaraguans’ infatuation with the U.S. road to modernity. While these elites deemed the United States a grave threat to Nicaraguan sovereignty, they also considered it the most successful model of nation building. Post-Walker elites thus concluded that Nicara-

guans could best protect their country against U.S. expansionism by embracing, not rejecting, the liberal ideals of progress embodied in what later became known as the American dream. But elites' "Americanization"—that is, their adoption of U.S. customs and institutions—was not plain mimicry. In general, they looked to the United States more as a paradigm of economic progress and national strength than as a model of political liberty. As a result, they were primarily interested in appropriating the U.S. political, economic, and cultural forms they believed were conducive to capitalist development and state-making. At the same time, elites also believed that the United States could help their country fulfill its own manifest destiny by constructing an interoceanic canal that would transform Nicaragua into the region's most prosperous nation. Americanization was neither a simple U.S. imposition nor an inherent barrier to Nicaraguan independence. Instead it formed the cornerstone of a highly cosmopolitan nationality.

The primary question pursued by the book is an even more paradoxical outcome of U.S. intervention in Nicaragua: Why did the U.S. occupation of 1912–33 lead the country's most Americanized elites—Conservative oligarchs from Granada—to develop an anti-American image of themselves and the nation? This anti-American turn had complex origins, but it issued largely from the efforts of U.S. bankers, marines, and missionaries to spread their own version of the American dream to Nicaragua. In particular, Conservatives' nascent anti-Americanism responded to the 1920s rise of Protestantism, the "modern woman," and other "vices" of modernity emanating from the United States, as well as to the unexpected ways that U.S. efforts to modernize elite economic and political practices weakened the power of large landowners. Conservatives' anti-American turn is key to understanding one of the greatest puzzles of U.S. imperial rule in Nicaragua: why entrenched oligarchs who had long been identified with U.S. ways and interests came to support the anti-U.S. struggle waged by the region's leading revolutionary, General Augusto Sandino. These elite Conservatives not only shared Sandino's opposition to the occupation, they also sought with him, as one oligarch put it, to "expel the contagious American way of life from the popular spirit."⁸ Ultimately, Conservatives failed to form a durable political alliance with Sandino largely because their reactionary and elitist brand of anti-Americanism clashed with the guerrillero's utopian vision of a "new Nicaragua" that was not just de-Americanized but classless.

In tracing Nicaraguans' contradictory responses to U.S. imperial rule, this

book builds on new trends in the study of Americanization throughout the world. In the past, scholars tended to view the export of the “American way of life” either as a positive means of modernization or as a nefarious tool of U.S. domination.⁹ Recent studies, in contrast, have emphasized the ambiguous political meanings of Americanization. For starters, they stress that even within the United States the “American way of life” means many different things. But most of all, they maintain that Americanization abroad results from a complex process of adaptation and negotiation, as non-U.S. societies do not just passively adopt U.S. ways but modify them, and when possible, borrow only those that best fit their needs.¹⁰ For this reason, they also claim that Americanization is hardly a homogenous process but can vary greatly over space and time. Finally, recent research shows that the appropriation of U.S. institutions, practices, and values does not inherently threaten non-U.S. nationalities. On the contrary, this borrowing can strengthen at times national identities, with some subject peoples even turning U.S. ways into a powerful weapon against imperial rule.¹¹

While embracing these trends, this book also diverges from much of the recent literature on Americanization in three key ways. First, it shows that Nicaraguans bent on emulating the United States did not simply adapt U.S. consumption and leisure patterns—the typical contemporary definition of Americanization. More important to them was the adoption of the liberal institutions and practices that, in their view, had allowed the United States to become so prosperous and modern.¹² Second, this study emphasizes that Nicaraguans’ variegated responses to Americanization reflected not just selective borrowing. Above all, they resulted from Nicaraguans’ subjection to diverse modes of U.S. intervention (military, economic, political, and cultural) and from the uneven effects of U.S. intervention on distinct social groups.

Third, and perhaps most important, this book focuses less on Americanization *per se* than on its tense relationship with anti-Americanism. For many scholars, anti-Americanism reflects nothing more than opposition to U.S. foreign policy and its “way of life.”¹³ But as the Nicaraguan case underscores, anti-Americanism is not always directed against the United States. At times, it can also be an attack against fellow citizens who have embraced U.S. ways. Not by chance did Sandino justify his anti-Americanization crusade by stating that “imperialism does not grow without a moral base of support within the very populace in which it has its tentacles.”¹⁴ Of course Sandino

was not alone in making this claim, for Latin American nationalists have frequently criticized the powerful allure of the “American way of life.” In 1900 the Uruguayan intellectual José Enrique Rodó famously complained that Latin Americans’ “mania for the north” was allowing the United States to “delatinize” the continent and reshape it in its own likeness “without the extortion of conquest.”¹⁵ Seven decades later, two supporters of Chile’s socialist regime stated in their celebrated book *How to Read Donald Duck* that the main threat to Latin American nationality was not the “American Way of Life” but the “American Dream of Life.” In particular, they maintained that “it is the manner in which the U.S. dreams and redeems itself, and then imposes that dream upon others for its own salvation, which poses the danger for the dependent countries. It forces us Latin Americans to see ourselves as they see us.”¹⁶

Not all Nicaraguans who sought to emulate the United States were “accomplices” of U.S. imperialism, however. In fact, some of Nicaragua’s most acclaimed nationalists consciously adopted certain U.S. political, economic, and cultural forms in order to defend their country’s independence against U.S. expansionism. For example, in 1910, the leading Liberal ideologue Salvador Mendieta publicly exhorted his compatriots to resist the deepening of U.S. imperial rule by embracing ever more strongly the “angloamerican way of being.”¹⁷ To Nicaraguan nationalists like Mendieta, valorizing the United States as a model signified anything but a desire to be devoured by the “northern colossus.” Their ambivalent view of the United States as both a model and a threat was hardly unique, for numerous nationalist movements throughout Latin America have appropriated U.S. ideologies to challenge U.S. dominance over their countries.¹⁸

Above all, however, the tension between Americanization and anti-Americanism resulted from Nicaraguans’ own contradictory engagements with U.S. intervention and its effects. Such contradictions are especially evident in the competing strategies elite Nicaraguans pursued to counter dollar diplomacy’s deleterious impact on their economic fortunes during the 1920s. To cope with their economic anxieties, many upper-class Nicaraguans embraced economic anti-Americanism. Yet in doing so, they also reinforced their identification with U.S. ideals of modernity. Members of the country’s most entrenched and Americanized oligarchy, in contrast, responded by developing a new form of cultural anti-Americanism that, ironically, targeted their own wives and daughters who steadfastly clung to the ways of the

Americanized “modern woman”—a figure many Nicaraguans associated with dollar diplomacy. In U.S.-occupied Nicaragua, then, the coexistence of Americanization and anti-Americanism reflected much more than Latin America’s alleged “love-hate relationship” with the United States.¹⁹ In reality, it often had less to do with Nicaraguans’ ambivalent opinions of the United States than with the internal effects of Americanization and the contrasting ways that Nicaraguans dealt with the realities of U.S. imperial rule.

Imperialism and Its Contradictions

Many U.S. diplomatic historians reject the concept of imperialism as a way of explaining the history of U.S. intervention in Latin America.²⁰ In their view, U.S. imperialism was a short-lived phenomenon of the 1890s and thus an aberration in the country’s history.²¹ In contrast, Latin Americanist historians have far fewer qualms about applying the term to describe the continent’s relations with the United States. In the case of Nicaragua, I have two principal reasons for using the concept of imperialism.²² First, I want to stress that the distinct modes of U.S. incursion in Nicaragua were fundamentally related to each other. The book not only shows that U.S. invasions carried out in the 1850s and the early twentieth century were intrinsically connected, it also emphasizes the links between distinct forms of U.S. intervention that Nicaraguans experienced during the same period. Second, I want to highlight that U.S. incursions in Nicaragua occurred in the broader geographical and historical context of U.S. efforts to forge an informal empire in the Caribbean Basin. This emphasis contrasts with many U.S. scholars’ denial of their country’s imperial aspirations by viewing U.S. interventions as geographically and historically isolated events.²³ As we will see, U.S. intervention in Nicaragua was anything but accidental and anything but un-American.

It is also important, however, to stress the tensions plaguing the imperial project itself. One of the greatest contradictions of U.S. imperial rule lay in its ability to both undermine and strengthen Nicaraguans’ nationality by Americanizing them. In key ways, this tension reflects a broader paradox at the heart of U.S. nationalism: as a messianic ideology, it justifies the expansion of U.S. influence in not so much nationalistic as universal and utopian terms.²⁴ And ever since the era of Manifest Destiny (1830s–50s), the United States has had the power to impose its ways on other nations, particularly in Latin America. As history has shown time and again, such impositions entail tragic

consequences—precisely because, as historian Emily Rosenberg notes, U.S. “exporters of the American dream” believe that there can be “no truly enlightened dissent against the ultimate acceptance of American ways.”²⁵ Still, we should not ignore the extraordinary appeal of the “American dream” beyond U.S. borders, particularly its promise of freedom, material abundance, and upward mobility. Indeed, the dream’s utopian impulse helps explain why prominent Nicaraguan nationalists could genuinely invoke key U.S. nationalist ideals in their challenge of U.S. impositions.

At the same time, Nicaragua’s multifaceted encounters with U.S. imperialism were shaped by differences among the “exporters of the American dream.” Between the 1849 gold rush and the 1933 withdrawal of the occupation force, Nicaraguans had to contend with a vast array of U.S. expansionists, from diplomats and marines to missionaries and bankers. Whether young or old, male or female, these North Americans shared a firm belief in Americanization—as a way both to further U.S. influence and to “uplift” Nicaragua. Yet they also had competing aims, preoccupations, and visions. For example, the earliest U.S. expansionists—transient entrepreneurs such as Cornelius Vanderbilt and filibusters like William Walker—wanted to Americanize Nicaragua under the banner of Manifest Destiny. But if Vanderbilt strove to inculcate Nicaraguans with U.S. economic values, Walker waged a “race war” in order to colonize Nicaragua with U.S. settlers. Unfortunately, the elite Nicaraguans who contracted Walker’s services wrongly believed that he would pursue the same kind of Americanization project as Vanderbilt. This fatal error would cost them dearly, but it helps explain why they courted the filibuster in the first place.

Complicating matters further, the United States used multiple, inconsistent modes of intervention to dominate Nicaragua. Between 1910 and 1933, for instance, Nicaraguans experienced the following interventions in succession: a U.S.-orchestrated regime change that blocked Nicaragua’s incipient democratic opening; a U.S. invasion and subsequent military occupation; the takeover of Nicaraguan public finances by U.S. dollar diplomats; the spread of U.S. missionary activities and culture industries, especially Hollywood; a second full-scale U.S. invasion; the U.S. military’s campaign to promote democracy; and a six-year guerrilla war. Not surprisingly, distinct sectors of the Nicaraguan populace responded very differently to these interventions. But even one seemingly cohesive mode of intervention could elicit contradictory responses among the very same group of Nicaraguans. Take again the

case of Nicaragua's wealthiest elites—Conservative oligarchs from Granada—and their engagement with dollar diplomacy. While they strongly supported dollar diplomats' controversial political and economic policies, these elites also waged a fierce, albeit much less publicized struggle against dollar diplomats' efforts to Americanize Nicaraguan culture.

In sum, this book compares Nicaraguans' contradictory engagements with forms of U.S. intervention that are often studied separately. Such an approach not only permits a more dynamic analysis but bridges the gap between "culture" and "political economy" marking much of the scholarship on U.S. and European imperialism. Traditionally, the field has been dominated by studies that focused on the structural dimensions of imperial rule, particularly state institutions, economic systems, and class relations. In the last decade or so, the scholarly focus has shifted from the material to the cultural realm.²⁶ As a result, we now have a more nuanced view of the multiple actors, hierarchies, and processes that shape the imperial encounter. Yet such analytical gains have also come at a cost, for the field's cultural turn has pushed the study of imperialism's political-economic structures to the sidelines. A focus on both "culture" and "political economy" is of course indispensable for studying the complex nature of imperial rule. But as various scholars have stressed, it is not just a question of incorporating the two domains into one analytical framework. We also have to explore their interconnections.²⁷ Only by considering the cultural dimensions of economic practices and the materiality of cultural practices can we truly understand two puzzling outcomes of U.S. imperialism in Nicaragua: why the entrepreneurial spirit of U.S. gold rushers led Nicaraguans to embrace filibusters like Walker, and why dollar diplomacy pushed Americanized elites to crusade against their country's Americanization.

The Local View

To better trace Nicaraguans' multifaceted encounter with U.S. intervention, this study combines an analysis of Americanization at the national level with a regional focus on the city and the department of Granada. I focus on Granada largely because its Conservative-dominated oligarchy, which had been the country's chief proponent of the U.S. road to modernity, evolved into that path's main opponent. As a result, Granada is an especially good vantage point for exploring Nicaraguans' contradictory and shifting relation-

ship with Americanization and anti-Americanism. This regional focus is also important, as Granadan oligarchs formed the most powerful planter and merchant class in Nicaragua; their encounter with U.S. intervention thus deeply affected the rest of the nation.

Originally, the strength of Granada's elite stemmed from its control of the country's wealthiest and most populous province or "prefecture." For much of the nineteenth century, the prefecture of Granada spanned the future departments of Managua, Carazo, Masaya, Granada, and Chontales (see map 1). While Granadan oligarchs had already established large cattle estates in the plains and hills of Chontales during the colonial era, it was not until the late nineteenth century that they carved out lucrative coffee plantations in the southern uplands of Managua/Carazo and on Granada's extinct volcano (the Mombacho). By the turn of the century, the prefecture system had been abolished and the department of Granada had been dramatically reduced to its current size. In the meantime, however, the wealth of Granadan oligarchs had come to depend increasingly on investments elsewhere in the nation. In addition to acquiring large commercial establishments in other major towns, these oligarchs established sugar estates in the northwestern plains of Chinandega, banana plantations in the tropical lowlands of the Atlantic coast, and coffee estates in the northern mountains of Matagalpa. Politically, Granadan oligarchs also wielded great influence. They not only controlled the Conservative Party, which together with the Liberal Party dominated Nicaraguan political life until the Sandinista Revolution of 1979, but they also ran the Nicaraguan state for most of the period between the 1857 ouster of Walker's regime and the 1933 end of U.S. occupation.

That Granada developed into a bastion of elite power and Americanization had much to do with the city's location. Founded by Spanish conquistadors in 1524, Granada rests on the northwestern shore of Lake Nicaragua, which drains into the Caribbean Sea by way of the San Juan River. Thanks to this waterway, Granada became a major port for Central American trade with the North Atlantic and home to some of the most prosperous merchants and landlords in the isthmus. Granada's close ties with the world economy also made it an unusually cosmopolitan city. The influx of numerous European and U.S. merchants introduced the city's populace to North Atlantic ways and manners. Conversely, international trade enabled many elite Granadans to travel overseas. So even though Granada emerged in the nineteenth cen-

tury as the seat of Nicaragua's Conservative Party, the city's oligarchs were widely viewed as people unusually open to foreign currents.

This openness contrasted with the great reluctance of Granada's oligarchy to admit outsiders into its ranks. Although it accepted some rich foreigners and Nicaraguan *nouveaux riches*, since the mid-nineteenth century most of its members have originated from the same families, particularly the Argüellos, Chamorros, Cuadras, Lacayos, Pasos, Urtechos, Vegas, Vivas, and Zavalas. Little wonder that these oligarchs have long been deemed by Nicaraguans to constitute an "aristocracy." Granadan oligarchs tended to intermarry and live near each other, either in the city's center or on its principal commercial street, the Calle Atravesada. The oligarchy's exclusivity was most apparent in the makeup of the city's social club, the institution that mainly determined elite membership and identity. Between the club's founding in 1871 and the 1930s, over three quarters of its members came from "aristocratic" families. As the club's roll further indicates, Granada's oligarchy totaled about two hundred men during the U.S. occupation—or less than 3 percent of the city's adult male population (in 1920 the municipality had about 22,000 inhabitants while the department had 34,000 and the nation 640,000).²⁸ So controversial was the social exclusivity of Granada's Americanized oligarchy that it became a key target of nationalist campaigns waged by Nicaraguans who did not belong to it.

On the other hand, the department of Granada also serves as an ideal lens to examine how U.S. imperial rule could inadvertently "democratize" rural society, since nowhere else in Nicaragua was land more concentrated than in this elite bastion. Already in the era of Spanish colonialism (1520s–1820), the fertile and well-irrigated plains of Granada were home to large rural properties, particularly cattle, sugar, cacao, and indigo estates. Land in Granada became even more concentrated with the agroexport boom of the late nineteenth-century, as landlords seized large amounts of land previously controlled by small- and medium-scale farmers as well as peasant and Indian communities. Although the boom did not make the majority of rural Granadans landless, it produced a rural society where landlord hegemony was the strongest in all of Nicaragua. During the U.S. occupation of 1912–33, this expansion of elite power came to a sudden halt, for many Granadan estate owners went bankrupt while numerous peasant producers enjoyed renewed prosperity. As the case of Granada illuminates, the occupation's uneven im-

pact on Nicaragua's rural producers was entirely unintended and resulted primarily from the greater ability of small-scale producers to cope with dollar diplomacy's deleterious economic effects.

Finally, a focus on Granada illuminates the nature of the elite divisions that so tragically facilitated U.S. imperial rule. On the basis of limited empirical evidence, scholars have generally assumed that such divisions pitted a Liberal coffee bourgeoisie centered in the northern region of León against a cattle-based Conservative oligarchy based farther south in Granada. In reality, Conservative oligarchs were not only highly diversified economically, but they also spearheaded the development of the country's coffee economy. Moreover, not all Conservative oligarchs were from Granada; many lived in León as well as in other Nicaraguan towns. At the same time, Granada's oligarchy included numerous Liberals who owned large cattle estates but no coffee plantations. As conflicts among wealthy Granadans instead indicate, cultural and ideological differences were far more important in fueling elite disputes than divisions by region, party affiliation, or economic specialization. Especially volatile were the struggles over how to define elite membership and identity. Such struggles were moreover exacerbated by pressures elites faced from below, particularly from peasants and urban artisans. But just as important, elite divisions reflected competing viewpoints that Nicaraguans formed in reaction to a shared experience of U.S. imperial rule.

My point of departure, then, is that the impact of imperialism on subjugated nations can be best understood by analyzing local sources that illuminate the experiences and views of those subjected to imperial rule. While this might sound like an obvious point, many studies of U.S. occupation in Latin America continue to rely disproportionately on U.S. sources and, therefore, to privilege North American viewpoints.²⁹ Such an imbalance frequently reflects scholars' greater interest in the U.S. experience or strategies of imperial rule. But it also results from the difficulties of locating sources produced by subjects of U.S. imperial rule. In Nicaragua, for instance, much historical documentation has been lost due to warfare and natural disasters, particularly the earthquakes of 1931 and 1972. Moreover, when the U.S. occupiers finally left Nicaragua in 1933, they took with them many Nicaraguan records, including the captured correspondence of Sandino and his followers. As a result, both native and foreign scholars have long assumed that any study of Nicaragua's encounter with U.S. intervention would be based overwhelmingly on U.S. archival materials. Indeed, this book has certainly drawn on the

extensive holdings of the U.S. National Archives and other North American depositories.

After the country's last war ended in 1990, it has become increasingly apparent that many more Nicaraguan-based archival sources survived the ravages of the past than is commonly assumed. Little-known Nicaraguan records that have been invaluable to this study include the official and private correspondence of President Adolfo Díaz (1911–16 and 1926–28) held in the National Archive of Nicaragua and the Instituto de Historia de Nicaragua y Centroamérica; local and national newspapers contained in the Hemeroteca Nacional; and the thousands of property titles and mortgage transactions recorded in Granada's property registry. Perhaps the most important re-discovery of Nicaraguan documents pertains to the over sixteen hundred *legajos* (bundles of documents) that form the core of Granada's municipal archive. For decades, these precious sources withered away in a hidden corner of Granada's town hall, crushed in dirty sacks that Nicaraguans use to store basic grains. In 1993, the documents were finally "liberated" and placed in the newly formed municipal archive. While particularly strong for the late nineteenth century, the holdings go from 1856—the year a fire set by Walker's men razed the city—up to the revolutionary triumph of 1979. This archival material is also extraordinarily diverse, for it ranges from court cases and petitions to electoral, tax, and demographic records to political correspondence, school reports, and private letters.³⁰ Thanks to these newly accessible Nicaraguan sources, this study is in a better position to show how the paradoxical outcomes of U.S. imperial rule were shaped by Nicaraguans' own contradictory and multifaceted engagements with distinct modes of U.S. domination.

Organization

Divided into four parts, the book first traces how the projected interoceanic canal tragically entangled Nicaragua's sense of manifest destiny with that of the United States. Chapter 1 explores how, from the very start, U.S. interest in a transisthmian route posed a great risk to Nicaraguan sovereignty. It opens with the 1849 arrival of California-bound gold hunters who introduced Nicaraguans to U.S. ideals of modernity. The chapter's main focus is on "President" William Walker (1855–57) and the thousands of U.S. military-colonists whose Americanization efforts devastated Nicaragua. Chapter 2 analyzes

how Nicaraguans recuperated from the Walker disaster by coalescing around a cosmopolitan nation-state project. In doing so, elites reembraced U.S. ideals of progress and supported U.S. efforts to build the canal—as long as the United States respected Nicaraguan sovereignty.

Part II explores the illiberal effects of U.S. imperial rule by analyzing how the U.S. intervention of 1910–12 resulted in a failed oligarchic restoration. Chapter 3 considers how the U.S. government helped Conservative oligarchs not only to overthrow the Liberal dictatorship of José Santos Zelaya (1893–1909) but to restore a hierarchical political and social order reminiscent of the pre-Zelaya era. Chapter 4 focuses on the antioligarchic violence and anti-Americanism that marked the U.S. military intervention in the Nicaraguan civil war of 1912.

Part III traces Nicaraguans' confrontations with dollar diplomacy, which defined the U.S. occupation from 1912 to the civil war of 1926–27. Chapter 5 shows how many Nicaraguans, especially those of the Liberal opposition, embraced a new form of economic nationalism directed against dollar diplomacy. In consequence, Nicaragua's most acclaimed nationalists only reinforced their identification with the U.S. ideals of modernity. Chapter 6 explores dollar diplomacy's socioeconomic impact. In particular, it elucidates how dollar diplomats' restrictive fiscal and financial policies inadvertently promoted peasant over estate production and thus helped "democratize" land ownership. Chapter 7 analyzes how dollar diplomacy's "democratizing" impact led elites most closely identified with U.S. imperial rule—the ruling Conservative oligarchs—to forge a new identity constructed against U.S. ideals of modernity. In short, Part III explains why dollar diplomacy's most vociferous opponents fervently clung to the "American dream," while the region's most infamous pro-Americans turned against the dream's modernizing impulse.

Part IV considers how the post-1927 militarization of U.S. imperial rule revolutionized Nicaraguan politics. Chapter 8 examines U.S. efforts to use the military to impose its ideals of democracy in Nicaragua. This democratization campaign not only enabled a U.S.-created military, the Guardia Nacional, to become a major political force, it also led Conservative oligarchs to radicalize their anti-U.S. outlook and embrace quasi-fascist ideals. Chapter 9 explores Nicaraguans' ambivalent attitudes toward the Sandino Rebellion of 1927–33. Above all, it considers how pro-fascist Conservatives (unsuccessfully) sought to forge an alliance with Sandino. This was more than simply an

opportunistic act, as Conservative oligarchs identified with Sandino's revolutionary nationalism in key ways. Part IV thus shows how the 1927 shift in U.S. imperial rule pushed Nicaragua's most Americanized elites to reject definitively the liberal values embodied in the "American dream." The book closes with an epilogue that reassesses two key legacies of U.S. imperial rule in Nicaragua: the rise of the Somoza dictatorship (1936–79), and elite support for the Sandinista Revolution (1979–90).

This book seeks to contribute to a better understanding of the effects of U.S. intervention in Nicaragua and in Latin America more broadly. By considering how peasant producers coped with dollar diplomacy better than landlords, it shows that U.S. imperial rule can inadvertently democratize, not just polarize, rural class relations. In addition, the book elucidates how the spread of U.S. missionary activities and culture industries can critically weaken elite authority. On the other hand, it also explains why the United States' efforts to impose its ideals of democracy can facilitate the rise of authoritarian rule. Finally, the book challenges conventional wisdom about the social base of revolutionary nationalism by revealing that the elite sector most supportive of Sandino's struggle against U.S. imperialism was a Conservative, agroexport oligarchy—the very antithesis of the "national bourgeoisie" as commonly defined in Latin America. Since this oligarchy had long been an enthusiastic proponent of the U.S. road to modernity, the Nicaraguan case reveals how the (largely unintended) "democratizing" consequences of U.S. imperial rule can fuel an even more intense rejection of the "American way of life."

PART I • Manifest Destinies, 1849–1910



MAP 3 Transit route, 1849-68

1 Americanization through Violence

Nicaragua under Walker

LEADERS OF NICARAGUA'S LIBERAL PARTY enthusiastically greeted William Walker and his band of fifty-seven U.S. mercenaries when they sailed into the Pacific port of Realejo on 16 June 1855. Months earlier the Liberal Party had sent emissaries to San Francisco, California, to contract Walker's services. In exchange for land and money, this well-known soldier of fortune was to help Liberals overthrow the Conservative government based in Granada. From Realejo, the Liberal delegates accompanied Walker and his men to Chinandega (see map 3). All along the fifteen-mile dirt road, rural dwellers came out of their straw-hatched huts to salute the U.S. adventurers; in Chinandega, townspeople enthusiastically greeted them with loud church bells. From Chinandega, Walker's Nicaraguan hosts took him to nearby León, then the country's largest city and the seat of the Liberal Party. There the Liberal chieftain Francisco Castellón cordially received Walker and gave him free reign to fight the Conservatives in the name of "liberty" and "progress."¹

The spirited welcome extended to Walker by the local populace stands in profound contrast to the way latter-day Nicaraguans have remembered his brief but fateful rule. To them, Walker and his men were nothing but brutal invaders who tried to enslave their ancestors and destroy their culture. Walker and his men certainly brought unprecedented violence to Nicaragua in their efforts to create a new, slaveholding U.S. empire. But these U.S. expansionists were not invaders: they had been invited by prominent Nicaraguans to their country—not just to wage war but to help "civilize" Nicaragua.² In particular, elite Liberals hoped that Walker's men would settle down as agricultural colonists and help Nicaragua replicate the U.S. path to political and economic modernity. Nor was Walker's band solely backed by a handful of misguided Liberal patriarchs, as some scholars would argue.³ Poorer Nicaraguans also welcomed the North Americans as "liberators." Many continued to support Walker even after he became the country's strongman and attracted up to ten thousand additional (male and female) U.S. colonists to his cause. In fact, the Nicaraguan masses tended to stay aloof from the now mythical "National War" that led to the expulsion of Walker and his U.S. followers in May 1857.

Today, Nicaraguans' warm embrace of Walker in 1855 seems perplexing, for

we know the devastation he wrought. But perhaps the greater puzzle is why U.S. expansionism under the banner of Manifest Destiny did not push elite Nicaraguans to join other Central Americans in repudiating U.S. military-colonists like Walker. Central Americans had become especially wary of U.S. expansionism after the United States conquered the northern half of Mexico in the war of 1846–48. Yet this U.S. conquest hardly perturbed elite Nicaraguans, thus leading a Spanish-born diplomat of the era to wonder why Nicaragua could not imagine “that in throwing herself into the arms of American citizens . . . a day would arrive when she would be strangled in those very arms which were so spontaneously open to receive her”?⁴ As we will see, the key to this puzzle lies not just in the tragic way Nicaragua’s own sense of manifest destiny—the interoceanic canal—became entangled with U.S. expansionism. It also stems from Nicaraguans’ expectation that Walker’s colonists would embody the same entrepreneurial values as the thousands of California-bound adventurers who had crossed the isthmus since the gold rush began in 1848.

To Nicaraguans’ grave misfortune, Walker’s military-colonists introduced Nicaraguans to a very different kind of Americanization project than the gold rushers who transited their country. With the transit business, Nicaraguans eagerly adopted a wide array of new U.S. goods and cultural practices as well as U.S. ideals of technological progress and enterprise. In Walker’s followers, by contrast, Nicaraguans encountered a highly exclusionary and bellicose strand of U.S. Manifest Destiny that claimed Latin Americans could not be Americanized through the “civilizing” force of U.S. culture and trade but had to be violently subordinated if not physically exterminated. As Walker famously stated in his book *The War in Nicaragua*, “The history of the world presents no such Utopian vision as that of an inferior race yielding meekly and peacefully to the controlling influence of a superior people. Whenever barbarism and civilization . . . meet face to face, the result must be war.”⁵ But as their enthusiastic reception of Walker’s band evinces, many Nicaraguans initially believed in such a “Utopian vision.” And it was this faith that Walker and his men would brutally betray.

The Initial Encounter

Ever since the United States started expanding westward in the early nineteenth century, its government and citizens strove to exploit Nicaragua’s ideal

location for an interoceanic route.⁶ But only with the California gold rush of 1848–49 did U.S. entrepreneurs establish a transisthmian route through Nicaragua. Until the U.S. transcontinental railroad was completed in 1869, the Nicaraguan transit and its Panamanian counterpart (established in 1848) were the fastest and most secure pathways between both coasts of the United States. So essential were these transits to the United States that they secured by far the largest foreign investments made by U.S. citizens prior to their country's civil war of 1861–65.⁷

The U.S.-operated transit across Nicaragua followed a route that local residents had been using since well before the Spanish conquest of 1523. Its Atlantic terminus was the sleepy port of San Juan del Norte, where steamers carrying hundreds of gold seekers arrived from New York and New Orleans. There, passengers transferred to smaller dugouts that took them through deep jungle 122 miles up the San Juan River to Lake Nicaragua. After crossing the shark-infested lake to Granada, the travelers rode another 134 miles through the country's most populated areas before boarding San Francisco-bound steamers at the old Pacific port of El Realejo. This 375-mile journey across Nicaragua took about twenty days to complete. In 1851, the travel time dropped dramatically after the U.S. shipping magnate Cornelius Vanderbilt opened a transit route about half as long that required only a twelve-mile land journey between Lake Nicaragua (La Virgen) and the Pacific (San Juan del Sur). Vanderbilt's Accessory Transit Company also made key technological improvements, such as replacing Nicaraguan dugouts with U.S. steamboats and macadamizing dirt paths so that they would no longer become mud trenches whenever it rained. These changes enabled gold-hungry adventurers to cross the isthmus in as little as two days, thus shortening their travel time between New York and San Francisco to about twenty-two days. The Nicaraguan transit route became so popular that, until its closure by warfare in 1856, it carried nearly two thousand travelers a month—a mighty flow for a country of about 250,000 inhabitants.⁸

For better or for worse, the transit business represented the first major U.S. intervention in Nicaragua. Politically, U.S. agents of the Accessory Transit Company alienated native elites by meddling in their country's internal affairs. They even instigated the first major U.S. military action in Nicaragua—the 1854 bombardment of San Juan del Norte—in order to resolve a conflict with local boatmen and authorities. The company also refused to pay the Nicaraguan government the 10 percent royalty on its annual