

The cornerstone of Franklin D. Roosevelt's "Good Neighbor" policy of the 1930's was the unequivocal abandonment of U.S. intervention in the internal affairs of the Latin American republics. At the Seventh Pan American Conference in Montevideo in 1933 the United States accepted with reservations the Latin American proposal, the same one which it had rejected at the Sixth Pan American Conference in Havana in 1928, namely, that "no state has the right to intervene in the affairs of any other." During the 1933-36 period the United States concluded treaties with Cuba and Panama which abrogated the U.S. right to intervene, and withdrew the marines from Nicaragua and Haiti. All that remained were customs receiverships in the Dominican Republic and Haiti, both of which were voluntarily given up in 1941 just prior to the Japanese attack upon Pearl Harbor.

The "good neighbor" policy also had its positive economic aspects. This involved principally attempts to rebuild inter-American trade, which had virtually collapsed following the stock market crash in 1929, by tariff reduction. At the Montevideo Conference, the United States proposed that the American governments negotiate bilateral reciprocal trade treaties and that each include a "most favored nation" clause. Under the Reciprocal Trade Act, passed by Congress in 1934, the President was given authority to make agreements with foreign nations to reduce existing tariffs by as much as 50 percent of the 1930 schedule. This tariff bargaining measure, which did not go far enough so that additional reductions were authorized in later years, resulted in a number of mutually beneficial bilateral trade treaties between the United States and various Latin American nations.

The enlightened U.S. political and economic policies of the 1933-39 period helped repair much of the damage resulting from earlier policies and served to prepare Latin America psychologically for joining the United States in meeting an external threat to the hemisphere. Already by 1937, U.S. policy was to oppose Nazi infiltration in Latin America, but in doing so the Roosevelt administration wisely chose not to use the Monroe Doctrine to do this unilaterally as in the past, but instead sought Latin America's cooperation. At the Eighth Inter-American Conference held in Lima in 1938, the U.S. sponsored Declaration of Lima reaffirmed continental solidarity and provided for consultation, at the Foreign Minister level, if aggression threatened. Such a consultative meeting was called in September 1939, as soon as World War II broke out in Europe, and the resulting Declaration of Panama established a 300-mile-wide neutrality zone around the shores of the entire hemisphere, leaving out Canada. Ten months later at Havana, in July of 1940, the American Foreign Ministers agreed to act cooperatively against possible Nazi aggression in the French, Dutch, and Danish colonies in the Caribbean.

For the practical task of cooperation for hemisphere defense, closer relations began to be developed between the U.S. Armed Forces and those of Latin America. Beginning in 1938, U.S. military advisers began to replace the long-established German and Italian military missions, and by the time of Pearl Harbor all the European missions had been eliminated, and the United States had Army, Air, or Navy advisers in nearly all the Latin American Republics. At the same time the United States helped to bolster the Latin American economies against the dislocations resulting from the outbreak of war in Europe.