Jacob H. Hollander and American Economic Diplomacy

HIST 282: U.S. Diplomatic History
Professor Pinsker
May 7, 2026
By Maggie Maston

In the spring of 1907, Jacob H. Hollander proudly proclaimed: “If, on the other hand, we had refused to do that which we were besought to do, and had continued to pursue a course of opportunism and drift, we should have consigned the government of San Domingo to political and civil chaos; we should have permitted her people to relapse, slowly but surely, into social and moral barbarism, and we should have allowed the land itself to become an international derelict.”[1] Only months away from the ratification of the product of the past two years of his work, the Convention of 1907 between the United States and the Dominican Republic, Hollander evidently took pride in what he had helped create. The agreement would reshape the Dominican Republic’s future, ushering in an unprecedented period of political stability and tranquility. His brilliantly “wise, sane and workable solution” functioned as a neo-colonial substitute while successfully pledging the United States to “nothing beyond the specific and immediate problem at hand.”[2] As the quintessential model of Progressive Era diplomacy, Jacob Hollander earned a name for himself in U.S. diplomatic history for his financial reorganization of the Dominican Republic between 1905 and 1907. His work provided the first practical application of the Roosevelt Corollary, helped establish the foundations of Taft’s Dollar Diplomacy, and illustrated how the United States expanded hemispheric influence without formal colonial rule.

Born in Baltimore, Maryland on July 23, 1871, Jacob Harry Hollander came of age during a period of profound American transformation. In the post–Civil War years of rapid industrialization and economic growth, the Gilded Age reshaped the United States’ position on the global stage. European powers were aggressively enlarging their empires, even making “gestures in the direction of Latin America,” while Americans elevated “traditional doctrines of

[1] Jacob H. Hollander, “The Convention of 1907 Between the United States and the Dominican Republic,” *The American Journal of International Law* 1, no. 2 (1907): 296, https://doi.org/10.2307/2186164.
[2] Hollander, The Convention of 1907, 295.

non-entanglement to holy writ."[3] By the 1890s, however, this stance began to shift as the United States moved toward a more assertive, Progressive Era interventionism.[4]

Amid this transition, Hollander earned his A.B. and Ph.D. from Johns Hopkins University in 1891 and 1894, studying economics, history, and Roman law. He was then appointed assistant in economics, beginning a steady academic ascent that led to his appointment as Professor of Political Economy in 1904 at his alma mater.[5] During these formative years, he developed a strong faith in rational analysis and came to believe that social problems could be addressed through professional expertise. These convictions greatly shaped his later work. His scholarship also revealed his persistence in defending his positions and engaging directly with critics, a trait evident in his corrections and rebuttals throughout economic literature.[6] As one scholar, Albion Small, observed, "Hollander fully realizes, the pervasive fact of relativity makes it certain that the opinion of any one man will rouse the opposition of many."[7] Following the completion of his doctorate, Hollander was appointed secretary of the Bimetallic Commission, which conducted international monetary negotiations in Europe in 1897.[8] The War of 1898 signaled the emergence of the United States as a global power with new territories and responsibilities. As Emily Rosenberg notes, "'America's new international interests after 1898 coincided with the development of economics as a profession.'"[9] During this period, some American economists began specializing in foreign economic reform, developing "a 'science' of

[3] George C. Herring, *From Colony to Superpower: U.S. Foreign Relations Since 1776* (New York: Oxford University Press, 2008), 265, 268.
[4] Herring, 265.
[5] Rosamond H. Weisberger, "Jacob Harry Hollander," *Publications of the American Jewish Historical Society*, no. 37 (1947): 471, http://www.jstor.org/stable/43058363.
[6] Jacob H. Hollander, "'Mandeville in the Twentieth Century': A Correction," *The American Economic Review* 8, no. 2 (1918): 338–39.
[7] Albion W. Small, review of *Economic Liberalism* by Jacob H. Hollander, *The American Journal of Sociology* 31, no. 5 (1926): 688.
[8] Weisberger, 471.
[9] Emily S. Rosenberg, "Foundations of United States International Financial Power: Gold Standard Diplomacy, 1900–1905," *The Business History Review* 59, no. 2 (1985): 194, https://doi.org/10.2307/3114929.

currency reform using their practical experience in U.S. colonies and dependencies."[10] Hollander was among these figures. He was appointed special commissioner to Puerto Rico to revise the island's taxation system. Soon after, he became the first Treasurer of Puerto Rico under President McKinley, where he implemented the "Hollander law," which established a new revenue framework.[11]

Following his success in Puerto Rico, he received an even more consequential diplomatic assignment in the Dominican Republic as Special Commissioner, tasked with investigating and restructuring the national debt.[12] These years represented the peak of his direct influence on U.S. diplomacy. Working closely with President Roosevelt, he sought to resolve what he described as "a serious menace to international peace."[13] From 1906 to 1907 he served as Confidential Agent of the Department of State in Dominican affairs, and he continued as a financial advisor to the country until 1910.[14] In the early 1900s, he identified as a pacifist and opposed U.S. membership in the League of Nations.[15] Jacob Hollander passed away on July 9, 1940, in his hometown of Baltimore at the age of 68, leaving behind a substantial legacy.

As mentioned, much of Hollander's influence stemmed from his role in resolving the Dominican Republic's debt crisis between 1905 and 1907. By the late nineteenth century, the Dominican Republic had accumulated extensive foreign obligations under the dictatorship of Ulises Heureaux, who financed his regime through heavy borrowing from both European creditors and the American-owned San Domingo Improvement Company (SDIC). Following Heureaux's assassination in 1899, the Dominican government proved increasingly unable to

[10] Rosenberg, Foundations of United States International Financial Power, 194.
[11] "Jacob Harry Hollander: Twenty-Third President of the American Economic Association, 1921." *The American Economic Review* 38, no. 3 (1948). http://www.jstor.org/stable/1810623.
[12] Weisberger, 472.
[13] Hollander, The Convention of 1907, 296.
[14] Weisberger, 472.
[15] A. W. Coats, "Hollander, Jacob Harry (1871–1940)," in *The New Palgrave Dictionary of Economics* (Palgrave Macmillan UK, 2018), 5915, https://doi.org/10.1057/978-1-349-95189-5_1200.

meet its obligations, producing disputes over repayment. In practice, the SDIC, often supported by “the full force of [Washington’s] diplomatic and naval power,” frequently received priority in repayment over European creditors, leading to international tensions.[16] When unpaid European bondholders, particularly in Germany, Italy, and Belgium, began threatening intervention to enforce repayment, President Theodore Roosevelt reconsidered his position.[17] Roosevelt began to distance himself from the SDIC’s influential Washington lobbyists. According to Veeser, by doing so, “he pulled U.S. policy out of the Gilded Age and pushed it into the Progressive Era.”[18] The State Department accordingly moved toward a policy of direct financial supervision designed to stabilize Dominican finances, prevent European intervention, and secure American strategic influence in the Caribbean. This plan centered on the U.S. assumption of customs collection and the allocation of approximately 55 percent of revenues to debt service. To implement this framework, Jacob Hollander was appointed to investigate the Dominican financial system and advise on debt restructuring. His selection over someone more closely associated with the SDIC, Charles Moore, reflected Roosevelt prioritizing “the findings of a disinterested newcomer, rather than those of a well-informed but compromised insider.”[19] This was especially important given that any comprehensive settlement would reduce the privileged position of the SDIC, requiring a neutral and technically grounded expert.

Roosevelt initially encountered resistance in the Senate, where members were wary of any arrangement that appeared to bind the United States too closely to foreign financial obligations. In response, his solution was to “simply take over Dominican customs collection

---

[16] Cyrus Veeser, *A World Safe for Capitalism: Dollar Diplomacy and America’s Rise to Global Power* (New York: Columbia University Press, 2002), 14, accessed via Google Books (limited preview).
[17] Cyrus Veeser, “Inventing Dollar Diplomacy: The Gilded-Age Origins of the Roosevelt Corollary to the Monroe Doctrine,” *Diplomatic History* 27, no. 3 (2003): 313, http://www.jstor.org/stable/24914415.
[18] Veeser, Inventing Dollar Diplomacy, 303.
[19] Veeser, Inventing Dollar Diplomacy, 321.

without the consent of Congress."[20] He encouraged the Dominican president to issue a *modus vivendi* under which "the U.S. government was invited to assume control of the customs houses."[21] This provisional arrangement created the conditions necessary for Hollander to begin his investigation. Tasked with conducting a thorough and impartial review, Hollander scrutinized the claims of both the American-owned San Domingo Improvement Company and various foreign creditors.[22] His findings, reported in the *Boston Advocate* on May 26, 1905, indicated that "many of the claims against the government of Santo Domingo are greatly inflated and may be largely reduced."[23] In a subsequent report dated June 1, 1905, he concluded that total claims against the Dominican government exceeded $40,000,000, despite the fact that national revenues had amounted to only approximately $2,000,000 annually since 1901.[24]

Months after the implementation of the *modus vivendi*, Hollander reported in August 1905 that "thus far the scheme has worked with entire satisfaction both to the people of the island and to the foreign creditors…except for the mutterings of an occasional malcontent who finds revolution more profitable than agriculture."[25] Operating from this perspective of cautious optimism, he submitted a comprehensive report on the Dominican debt to Congress and to President Roosevelt that winter. Hollander's December 1905 report to Congress detailed the findings of months of investigation, including the history, causes, total amount, distribution, and validity of the outstanding obligations he had assessed.[26]

---

[20] Emily S. Rosenberg, "The Roosevelt Corollary and the Dominican Model of 1905," in *Financial Missionaries to the World: The Politics and Culture of Dollar Diplomacy, 1900–1930* (Durham, NC: Duke University Press, 2003), 44, https://doi.org/10.2307/j.ctv1220kxb.6.
[21] Rosenberg, The Roosevelt Corollary, 44.
[22] "Inquiry by Powers: International Commission for Santo Domingo. …" *The Washington Post* (1877–1922), April 5, 1905. ProQuest Historical Newspapers. ; "Recommends Gould: President Roosevelt Will Send Name to Morales. …" *Boston Daily Globe* (1872–1922), March 30, 1905. ProQuest Historical Newspapers.
[23] "Professor Hollander Reports." *Boston Advocate* (1905–1909), May 26, 1905. ProQuest Historical Newspapers.
[24] Dana Gardner Munro, *Intervention and Dollar Diplomacy in the Caribbean, 1900–1921* (Princeton: Princeton University Press, 2015), 118, accessed via Google Books (limited preview).
[25] "Dr. Hollander Confers with President Relative to Conditions in Santo Domingo …" *The Washington Post* (1877–1922), August 9, 1905. ProQuest Historical Newspapers.
[26] Debt of Santo Domingo. Congressional Document. 1905.

Representatives of the San Domingo Improvement Company, Charles Moore and William Abbott, who had met with Hollander during his inquiry, expressed confidence that their organization's reputation would remain intact in Hollander's report. They were quickly proven wrong. Hollander's separate report to President Roosevelt in October 1905 "completed the destruction of the SDIC's image," exposing allegations of "fraud," "irregularities," and "extravagance" in its operations.[27] Ironically, despite the quasi-investigative role he appeared to play in dismantling the company's credibility, Hollander himself later became embroiled in controversy around 1911 for accepting compensation from both governments without official authorization, an episode that ultimately damaged his reputation.[28]

Nevertheless, Hollander's reputation and counsel were widely trusted during his time as Special Commissioner, and he skillfully navigated the competing interests of the San Domingo Improvement Company, European creditors, the Dominican government, and U.S. policymakers throughout the negotiations and compromises he orchestrated during the first half of 1906. Closely informed of each party's financial and political stakes, Hollander demonstrated his international mobility and diligence through frequent travel between the Dominican Republic, the United States, and Europe. By the end of 1905, he had apparently secured preliminary acceptance of his debt restructuring framework and the *modus vivendi* from Italian, Spanish, German, and American creditors. One newspaper noted that "the only factors capable of making trouble are the Santo Domingo Improvement Company and the revolutionists."[29] Although the SDIC would remain a concern, opposition from financial stakeholders soon proved equally persistent.

---

[27] Veeser, A World Safe for Capitalism, 149.
[28] Veeser, A World Safe for Capitalism, 154.
[29] B. Y. Bennett, "Senate Is Curious: Wants Light on the Treaty with Santo Domingo …" *The Washington Post* (1877–1922), November 27, 1905, ProQuest Historical Newspapers.

Following discussions with Dominican Finance Minister Velásquez, Hollander formally announced a general restructuring plan on September 12, 1906, which immediately encountered firm resistance from foreign creditors.[30] Under the proposed terms, the SDIC was to receive 90 percent of the value of its claims, while other foreign creditors were allotted 50 percent, and much of the unsecured Dominican debt was to be paid at only 10 percent. The SDIC, while recognizing its delicate position, refused to let go of its claim to priority repayment, arguing that it had already accepted earlier reductions. During the SDIC's protests, Hollander continued negotiating and gaining acceptance of the plan from European bondholders, eventually forcing the company's hand in January 1907.[31] The U.S. government worked Hollander's plan into a treaty and quickly sent it off for ratification.

In February 1907, the U.S. Senate ratified the treaty, and in May the Dominican Congress followed suit.[32] The end result reflected years of Hollander's work negotiating. Two interdependent documents came out of his toil: the Convention of 1907 and a loan contract. The first of the two stipulated U.S. control of the Dominican customs houses, which was essentially already in effect, along with a provision prohibiting the Dominican Republic from expanding its public debt without U.S. presidential consent. The latter laid out an agreement where the investment banking house of Kohn, Loeb would "handle the $20 million in 50-year bonds carrying a relatively high rate of interest (5%)" for the Dominican government.[33] Rosenberg describes this arrangement as "corporate-government cooperation [which] seemed to offer the possibility of guiding a dependent state through fiscal reform without burdening the United States with political sovereignty," and it was exactly this condition which encouraged the Senate

[30] Munro, 119.
[31] Veeser, Inventing Dollar Diplomacy, 324.
[32] Veeser, Inventing Dollar Diplomacy, 325.
[33] Rosenberg, The Roosevelt Corollary, 46.

to back its ratification as opposed to the first proposal in 1905.[34] Optimism grew regarding the future of Dominican–U.S. relations and regional stability. *The Washington Post* observed that "for weeks there have been no sign of a revolution," and "for two years it was considered necessary to have several American men-of-war scattered around Dominican waters."[35]

Though not a diplomat by title, Hollander embodied the role of diplomatic work in his negotiating and coordinating between nations. His approach to the Dominican debt crisis reflected a distinctly Progressive Era belief that complex international social and political problems could be resolved through rational analysis and expert guidance rather than coercion or traditional power politics. Trained as an economist and a scholar, Hollander approached diplomacy as an extension of his academic studies, viewing fiscal instability, political unrest, and disputes with foreign creditors as problems that could be resolved through stronger financial systems. Though they saw themselves as unbiased "'men of science,'" Rosenberg is correct to point out that foreign currency advisors like Hollander consciously and "neatly fit the needs of their own country's expansion in the global political economy."[36] His methods illustrate a shift for U.S. policymakers towards Progressive faith in empirical investigation and technical expertise. This technocratic outlook was reinforced by President Roosevelt's decision to entrust Hollander with the assignment specifically because he was a "disinterested newcomer," preferred over figures that were compromised by personal interests. Herring describes this episode of history as an experiment of "best Progressive Era fashion," bringing "together diplomats, financial experts, and bankers…to promote stability and modernization."[37]

---

[34] Emily S. Rosenberg and Norman L. Rosenberg, "From Colonialism to Professionalism: The Public-Private Dynamic in United States Foreign Financial Advising, 1898–1929," *The Journal of American History* 74, no. 1 (1987): 63, https://doi.org/10.2307/1908505.
[35] "New Dominican Pact: Signed by Minister Dawson at Island Capital …" *The Washington Post* (1877–1922), February 5, 1907. ProQuest Historical Newspapers.
[36] Rosenberg, Foundations of United States International Financial Power, 201.
[37] Herring, 372.

By framing U.S. intervention as a form of useful and scientific assistance rather than an extension of American influence or regional dominance, policymakers increasingly came to view financial control as a mechanism for sustaining an informal empire. In the post-war era of 1898, American foreign policy was shaped by an ongoing debate between pro-imperialists and anti-imperialists over the extent to which the United States should expand toward formal colonialism. These tensions contributed to Senate hesitance in approving Roosevelt's initial proposals prior to the modus vivendi, as legislators feared excessive entanglement in foreign obligations.[38] In response, Hollander helped formulate a solution that avoided direct political annexation while still securing effective U.S. oversight of Dominican finances. Although the resulting arrangement has been characterized by some scholars as a "neo-colonial substitute," it did not formally extend American authority into the Dominican Republic's internal governance.[39] As Munro notes, while Secretary of State Elihu Root "considered the State Department obligated to see that funds were spent in accord with the treaty, he did not feel that it was required to interfere in matters of detail, or to impose its views on the Dominican government in doubtful cases."[40] Herring similarly emphasizes that "Roosevelt had no interest in annexation or even [a] protectorate."[41] However, Emily and Norman Rosenberg complicate this interpretation by arguing that if imperialism is understood as "a process by which one state assumes sovereign powers over another," then U.S. interventions in several Latin American countries during this period, including the Dominican Republic, should be classified as such.[42] Hollander stood at the center of this argument between sovereignty and intervention, even as he maintained that no such

[38] Rosenberg, The Roosevelt Corollary, 44.
[39] Herring, 371.
[40] Munro, 123.
[41] Herring, 371.
[42] Rosenberg and Rosenberg, "From Colonialism to Professionalism," 65.

overreach occurred. He insisted that his arrangement preserved "all this without loss of territorial integrity nor infringement of independent sovereignty."[43]

Although historians continue to debate whether the Dominican experiment constituted American imperialism, there is little doubt that it represented the first major application of the Roosevelt Corollary to the Monroe Doctrine. Faced with the possibility of European intervention against a heavily indebted Dominican Republic strategically located near the future Panama Canal, Roosevelt declared in 1904 that the United States would exercise an "international police power."[44] Hollander became a central figure in translating this principle into practice, avoiding European intervention through fiscal oversight and expert supervision.

The impact of Hollander's work extended well beyond the Roosevelt administration itself. The collaboration between government officials, financial experts, and private banking interests that emerged during the Dominican intervention became a defining feature of Taft's later Dollar Diplomacy and was subsequently replicated throughout Central America.[45] This system of "government-sponsored but privately financed economic rehabilitation" was, as Cyrus Veeser argues, "sponsored by Roosevelt and vigorously pursued by Hollander."[46] Guided by the belief that economic stabilization would attract American investment and, in turn, foster development, Roosevelt and Hollander helped create a model that produced "dramatic short-term improvement" and served as the blueprint for later de facto protectorates.[47] In this way, Hollander joined the ranks of the era's most influential dollar diplomats. Yet the close relationship forged between investment bankers, interventionist government officials, and

[43] Hollander, The Convention of 1907, 295.
[44] Herring, 371.
[45] Herring, 373.
[46] Veeser, Inventing Dollar Diplomacy, 325.
[47] Herring, 372.

financial advisors rarely produced lasting political stability and frequently paved the way for future U.S. military intervention.[48]

Five years after its ratification, Hollander's Convention of 1907 unraveled despite his earlier confidence in the durability of the system he helped construct.[49] Undermined by the same political instability it had been designed to manage, the breakdown of the agreement underscores both the reach and the limits of the interventionist framework associated with the Roosevelt Corollary and, later, Dollar Diplomacy. While these policies temporarily stabilized Dominican revenues, they also left a lasting imprint on regional perceptions of the United States. As Herring observes, under Roosevelt and Taft, "'benevolent supervision' was not benevolent for those supervised."[50] American efforts to reorganize Latin American states along U.S. financial and institutional lines often carried assumptions of superiority that generated resistance rather than cooperation.[51] In the Dominican case, Hollander's system initially appeared to embody Progressive confidence in expert-driven solutions to international crisis, yet its eventual failure revealed the fragility of imposing administrative order without durable political stability. Ultimately, the convention's failure revealed a central tension in Hollander's legacy. While his work provided the first practical application of the Roosevelt Corollary and helped lay the groundwork for Dollar Diplomacy, it also demonstrated the limits of expertise as a substitute for long-term political resolution in foreign affairs.

[48] Herring, 373.
[49] Herring, 374.
[50] Herring, 377.
[51] Herring, 377.