

South America and the War

F. A. Kirkpatrick

The background of the lower half of the image is a solid cyan color. Overlaid on this is a pattern of various magenta geometric shapes. These include solid triangles of different sizes and orientations, some horizontal and some vertical lines, and several curved lines or arcs. The shapes are scattered across the area, creating a modern, abstract design.

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SOUTH AMERICA AND THE WAR

**BEING THE SUBSTANCE OF
A COURSE OF LECTURES DELIVERED IN
THE UNIVERSITY OF LONDON, KING'S COLLEGE
UNDER THE TOOKE TRUST
IN THE LENT TERM
1918**

BY

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CAMBRIDGE
AT THE UNIVERSITY PRESS
1918



PREFACE

This little book contains the substance, revised and adapted for publication, of lectures given in the Lent Term, 1918, at King's College, London, under the Tooke Trust for providing lectures on economic subjects. The course of lectures was in the first instance an endeavour to perform a war-service by drawing attention to the activity of the Germans in Latin America, and particularly to the ingenuity and tenacity of their efforts to hold their economic ground during the war, with a view to extending it after the conclusion of peace. A second object was to examine more generally the bearings of the war on those countries, and the influence of the present crisis on their development and status in the world.

These two topics, though closely connected, are distinct. The first has an immediate and present importance, the second has a wider historic significance. The logical connexion between them may not seem obvious. Yet the first enquiry, concerning German war-efforts in Latin America, naturally and inevitably led to the second, concerning the larger issues involved. The former topic is treated in Chapters I, II and III, the latter in Chapters IV, V and VI. The term "South America" is used in the title of this book as a matter of customary convenience; but it is not meant to exclude the Antillean Republics or the Latin-American States stretching to the North-west of the Isthmus of Panamá.

Clearly, an essay of this kind, if it was to be of any use, had to be produced quickly. It was impossible to wait in hopes of achieving some kind of completeness. The immediate and urgent importance of the subject has been signally emphasised by the despatch of a special British Diplomatic Mission to the Latin-American Republics, and by the King's message addressed to British subjects in Latin America, in order to inculcate the spirit of collective effort.

In the course of this essay frequent mention is made of the struggle for emancipation, of the part which Englishmen took in that struggle and of the great services rendered to the cause of independence by the action of British statesmen, notably Canning. In a book which aims mainly at a review of present conditions, it is impossible to enlarge upon these topics, since their adequate treatment would involve some consideration of political action on the European Continent and in the United States. But since this passage of past history bears closely on the present topic, it may be here mentioned that a brief account of

these matters is given in the *Cambridge Modern History*, vol. X, chap. IX.

The subject of German "peaceful penetration," which is incidentally illustrated but not expounded in these chapters, may be studied in M. Hauser's book entitled (in its English version) *Germany's Economic Grip upon the World*; also in *The Bloodless War*, translated from the Italian of Signor Ezio Gray. The character of that penetration, with its admirable as well as its odious features, is briefly and clearly set forth in a recent Report (Cd 9059) presented to the Board of Trade on enemy interests in British trade.

I desire to express my indebtedness to *Le Brésil*, a weekly review of Latin-American affairs published in Paris; to *The Times* newspaper, particularly the monthly *Trade Supplement* and the South American number (Part 183) of *The Times History of the War*; to the weekly *South American Journal*; and to the monthly *British and Latin-American Trade Gazette*. The quotation on pages 40-41 is taken from *The Times*; and various other passages, not always verbally reproduced, are derived from the same source.

It is impossible to thank by name all those who have placed at my disposal their knowledge of Latin-American countries. But I owe an especial debt of gratitude to the Master of Peterhouse for his aid and advice in the production of this book.

The original matter has been considerably rearranged for purposes of publication. But wherever convenience permitted, the lecture form has been retained in order to indicate that the book owes its inception to King's College, London.

F. A. K.

August 15, 1918.

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The [map](#) at the end of the book shows the former Spanish and Portuguese possessions in America, and also the existing Latin-American Republics.



SOUTH AMERICA AND THE WAR

INTRODUCTION

GENERAL CONDITIONS IN LATIN AMERICA

The New World or Western Hemisphere consists of two continents. The greater part of the northern continent is occupied by two great Powers, which may be described as mainly Anglo-Saxon in origin and character. One of them, the Canadian Federation, is a monarchy, covering the northern part of the continent. The other, a republic, the United States, occupies the middle part. To the south and south-east of these two extensive and powerful countries stretch the twenty republics, mainly Iberian in origin and character, which constitute Latin America. These lands cover an area which is about twice the size of Europe or three times the size of the United States. Their population approaches eighty millions. Latin America, extending as it does through every habitable latitude from the north temperate zone to the Antarctic seas, possesses every climate and every variety of soil, and accordingly yields, or can be made to yield, all the vegetable and animal products of the whole world. Moreover, most of the republics also severally contain territory of every habitable altitude, so that a man can change his climate from torrid to temperate and from temperate to frigid simply by walking up-hill. Thus, equatorial lands can produce within the range of a few miles all the products of every zone. Most of the republics also furnish an abundance and variety of mineral products. The name Costa Rica, or Coast of Riches, which was given by the early discoverers to a small strip of the mainland, was prophetic of all its shores. And the fable of El Dorado, concerning its interior wealth, has proved to be not fabulous but only allegorical.

Geographical Grouping

The geographical distribution of these republics should be indicated. Three of them are island states of the Caribbean Sea. Cuba is the largest of the Antilles; Santo Domingo and Haiti divide between them the next largest. The rich tropical fertility of these West Indian isles has been a proverb for centuries and need not here be emphasised. Upon the mainland, the vast territory of Mexico and the five Central-American republics may be grouped together, forming as they do a kind of sub-continent, a narrowed continuation of North America. Through this region a broad mountain-mass curves from north-west to south-east. This

configuration provides the characteristics and the varied products of every zone upon the same parallel of latitude: the torrid coastal strips, bordering both oceans; the beautiful, wholesome and productive region of the central plateau and long upland valleys; and finally the chilly inhospitable regions of the mountain heights. The long sweep of the country south-eastwards through the tropics also provides a wide range of character, from the cattle-rearing plains of Northern Mexico to the coffee and banana plantations of Costa Rica. Nowhere are lands of richer possibilities to be found.

The small newly-created Republic of Panamá completes this northern system of Latin-American countries. Thus, before coming to South America at all, we count ten Latin-American states, three in the Antilles, seven upon the mainland.

The other ten republics lie within the continent of South America. That continent is shaped by nature in lines of a vast and imposing simplicity, so that it is possible to sketch its main features in a few words. It is divided broadly into mountain, forest and plain—the immense chain of the Andes, the vast Amazonian forests, the wide-stretching plains of the Pampa, and the colossal water system of the three rivers, Orinoco, Amazon, La Plata. The dominating element is the great backbone, the cordillera of the Andes. From the southern islands of Tierra del Fuego this cordillera stretches for 4000 miles along the Pacific coast to the northern peninsulas of the Spanish Main, and thence throws out a great eastward curve along the southern shore of the Caribbean Sea. This continuous mountain-wall, clinging closely to the Pacific coast, determines the whole character of the continent. In the tropical zone, the trade winds, blowing continually from the Atlantic, sweep across South America until they strike this towering mountain barrier. Then they shed their moisture on its eastern slopes, which give birth to the multitudinous upper waters of the Orinoco, the Amazon and the western affluents of the River Plate. The Amazon rather resembles a slowly moving inland sea, its twelve principal tributaries all surpassing the measure of European rivers. The River Plate pours into the ocean more water than all the rivers of Europe put together. The Orinoco, shorter but not less voluminous, drains a vast area with its 400 tributaries.

But the Andes, whose forest-clad eastern slopes pour these immeasurable water-floods across the whole continent to the Atlantic, oppose to the Pacific, in the southern tropics, a bare dry wall of rock and yellow sand. In the north, *the garrua*, the winter mist of equatorial Peru, supplies moisture for cultivation. South of this region, the rainless desert stretches, a ribbon-like strip, between the mountains and the sea. Here, except in some transverse river-valleys, not a blade

of grass can grow for over a thousand miles. Yet it is this very barrenness which has produced the materials of fertility for other lands in the form of guano and nitrate deposits. Far to the south, in the "roaring forties," these conditions are reversed. Here, moisture-laden winds blow continually and stormily from the Pacific, feeding the dense and soaking forests of southern Chile. In the same latitudes, to the east of the Andes the terraced plains of Patagonia supply sheep pasture, thinly nourished by slight rainfall, although, over so vast an extent, these flocks amount to many millions. In the more temperate regions, between these zones of climatic extremes, more normal conditions prevail. On one side of the Andes are the rich valleys of Central Chile, on the other side the wide plains of the Argentine Pampa, formerly given over to pasture, now producing wheat, maize, flax, barley and oats as well as meat, hides and wool.

South America has been called the fertile continent. Considering that most of the land lies within the tropics, it might be called the habitable continent—habitable in comfort and health by white men. In form, the continent may be roughly compared with Africa, but the comparison is in favour of South America. The traveller who has sailed along the east or west coast of tropical Africa meets a contrast on crossing the Atlantic. Along the Brazilian coast, he finds a succession of busy ports, crowded with the shipping of all nations—flourishing and growing cities, inhabited largely by Europeans living the normal life of Europe. The perennial trade winds, blowing from the sea, bring coolness and health; and, almost everywhere, the worker in the ports may make his home upon neighbouring hills. On the west coast, tropical conditions are even more striking. Here, a soft south wind blows continually from cooler airs, and the Antarctic current flowing northwards refreshes all the coast. At Lima, twelve degrees from the Line, one may wear European dress at midsummer and, descending a few miles to the coast, may plunge into a sea which is almost too cold. Moreover, in these regions the Andine valleys offer every climate, and a short journey from the coast leads one to uplands resembling southern Europe. Higher yet, beyond the first or western chain of the Andes stretches the vast and lofty plateau enclosed between the double or triple ranges of volcanic mountains. The western part of Bolivia, though tropical in situation, is a temperate land, lying as it does at a height of above 12,000 feet. This broad Bolivian plateau narrows northwards through Peru and finally contracts into the Ecuadorian "avenue of volcanoes." Here, in the very central torrid zone, a double line of towering peaks shoot their fires far above plains and slopes of perpetual snow. Thence the cordillera opens out northwards into the broad triple range of Colombia, which encloses wide river valleys of extraordinary richness and

fertile savannahs, enjoying perpetual spring.

Lastly, it should be noted that some of the best part of South America begins where Africa ends. Buenos Aires, Montevideo, Capetown and Sydney lie approximately in the same latitude, about 34° or 35° south. But some of the best parts of Chile and Argentina stretch far to the south of this latitude. Alone of the southern continents, South America thrusts itself far through the cool regions of the temperate zone.

Hitherto, white settlement in South America has, in the main, followed the easiest lines, along the coast, upon the southern plains and up the river courses. Of the three great rivers, the Orinoco is the least developed, partly owing to natural difficulties—namely, an uneven shifting bed and great differences of water level—partly owing to artificial and political conditions; but in the wet season its waters admit navigation up the main stream and its principal western affluent, the Apure, almost to the foothills of the Colombian Andes; and the trade winds, blowing upstream, carry sailing craft half across the continent. Upon the Amazon system, Manaos, one of the great ports of Brazil, is 900 miles from the sea: Iquitos, 2300 miles from salt water, is accessible to the smaller class of ocean steamers. Upon the Paraná, 1000 miles from the ocean, stands the port of Asunción, capital of Paraguay, accessible to ocean ships of shallow draught and to large river steamers: stern-wheel steamers can mount the Paraguay River 1000 miles farther to the remote Brazilian port of Cuyabá.

The navigation of both these river systems, the Amazon and the River Plate, is limited or rather interrupted by the fourth great feature of the continent, the Brazilian plateau. The Paraná and its affluents plunge from this plateau to the southern plain in tremendous waterfalls. The southern tributaries of the Amazon pierce their way down into the Amazonian valley along defiles, cataracts and rapids sometimes extending scores of miles. The Amazonian affluents are mostly navigable from the main river to the foot of these cascades. Above the cascades, there stretch fresh reaches of navigable water, providing many paths into the far interior. Similar conditions are found on the two branches of the River Tocantins and on other Brazilian rivers, such as the São Francisco and the Paranaíba. With the future growth of population, the construction of lateral railways and, later, perhaps the partial canalisation of rivers, there is no limit to the possibilities of internal water communication. The wealth of water power which awaits application is obvious. As to possibilities of water storage and irrigation, it suffices to say that on the Lower Orinoco and also on the Lower Amazon the difference of water level between wet and dry seasons is at least fifty feet, and

most of the affluents rise and fall proportionately.

The great Brazilian plateau, which has just been mentioned, further justifies the description of South America as the fertile continent—the region of habitable tropics. The vast scale of this plateau and its relation to the River Plate system justify its description here as a continental feature rather than a purely national feature, although it is mainly a national possession of Brazil. From the north-east shoulder of the Brazilian coast, this varied plateau, seamed by many clefts, stretches southwards and south-westward in a vast semi-circular sweep dividing the two river-systems. The Paraná and its affluents plunge from this plateau towards the south and west. Northwards and eastwards it sends a multitude of streams to the Amazon and the Atlantic. These Brazilian uplands naturally vary in character and productiveness, but they are in great part suitable for white habitation and especially for the grazing of cattle. There is no winter; there is little of excessive or torrid heat; the grass grows all the year round; and in the neighbourhood of some rivers, the grasslands are annually renovated by seasonable and shallow floods.

Political Distribution

Among the republics, the United States of Brazil stand in a class apart, by virtue of the Portuguese origin and character of that country, its very distinct history and its immense size, occupying, as it does, more than half the continent. As to the republics of Spanish origin, no single classification suffices. The most obvious division is that which groups them into tropical and temperate countries. The five republics of Venezuela, Colombia, Ecuador, Peru and Bolivia, which lie wholly within the tropics, form a group of states which were closely connected in the early history of emancipation and which are still marked by a general though not very close similarity in respect of geography and ethnological conditions. Chile and Argentina lie mainly in the temperate zone; Uruguay wholly so; and these, with the southern parts of Brazil, are the regions most obviously suitable for white settlement. These three southern republics may also be described as the most European part of the continent, whereas the five tropical republics have a large admixture of indigenous, and, in parts, also of negro, blood.

The small sub-tropical republic of Paraguay, secluded in the interior of the continent, does not quite fall into either group, but belongs to the system of River Plate countries. For the three Atlantic republics of the southern hemisphere, Argentina, Uruguay, Paraguay, form a distinct group or sub-

continent known as the "River Plate" and thus suggest a second classification into the Rio-Platense and the Andine states. Lastly, a glance at the map shows that Colombia and Venezuela differ from all their southern neighbours in that they border upon the Caribbean Sea, that Mediterranean Sea of the New World which stretches between the two continents. Thus these two republics complete the circle of that Mediterranean system of lands—the Antilles, Mexico, Central America, Panamá—in which the United States are the dominant Power and in which Great Britain, France and Holland are also members—one may perhaps say subsidiary members. Thus each of these republics of the Spanish Main has a dual character. They are on the one hand South American continental states; but their coasts also face the coasts of the United States, and their borders, to east and west, touch lands which are not purely Latin-American in character. Venezuela, both historically and actually, faces both ways. On the one hand she is the country of the Orinoco, of a vast continental interior: on the other hand she belongs also to the Antillean system: her eastern neighbour is British Guiana, and her territory almost locks fingers with the British island of Trinidad, which is in some sort the distributing commercial centre for all the Spanish Main. Thus Venezuela completes that long Antillean chain which curves from Florida to the Spanish Main, a chain whereof several links are in the possession of the United States. This dual character stands out in the early history of the country. For, during most of the colonial period, Venezuela was the only part of South America not attached to the Viceroyalty of Lima. Eastern Venezuela depended on the Audiencia of Santo Domingo and was thus connected with the Antilles and with the Viceroyalty of Mexico, that is to say with North America. Then followed a period of dependence on the Viceroyalty of Santa Fé de Bogotá, until finally Venezuela was erected into a separate Captaincy-general.

In the Republic of Colombia the dual position has been forced into prominence by recent events. On the one hand Colombia is a Pacific state, an Andine and continental country; yet her chief ports and arteries of communication lead northwards; and, until fifteen years ago, she bestrode the Isthmus of Panamá. In 1903 that Isthmus passed under the control of the United States; and Colombia, which formerly included the province of Panamá, now practically has the United States for her nearest neighbour.

Origin of Divisions

The connexion of these states with Europe dates from the first voyage of Columbus across the Atlantic and from Cabral's voyage to Brazil. The fabric of South America, as it stands today, was constructed in the main during the

marvellous half-century from 1492 to 1542. During that time almost all the existing states took shape, and most of the present capitals were founded. That work is chiefly connected with five great names, Columbus, Balboa, Cortes, Magellan, Pizarro. Columbus and his companions or immediate successors founded the Spanish empire on the Antilles and the Spanish Main. Balboa sighted the South Sea, crossed the Isthmus, and claimed that ocean and all its shores for the Crown of Castile. Cortes established the empire of New Spain in North America. Pizarro, starting southwards from Panamá, discovered the empire of the Incas, shattered their power and set in its place a Spanish Viceroyalty.

The political divisions marked out at the conquest, which still subsist in the main, were determined by the course of exploration and conquest. When a separate condottiere hit upon a convenient site for a port and founded a city either upon the sea-board or in some inland situation accessible from the port, his work usually came to be recognised by the creation of a separate government. These conquistadores showed judgment and capacity in their choice of sites and in their marches inland, which naturally followed the most convenient lines of communication. In this way it came about that the political divisions in the Spanish empire were mainly determined by natural economic causes, acting through the rather haphazard experiments of practical men rather than through any deliberate theory. These natural economic conditions are permanent in character: they still persist, and they account in great part for the continuance of the chief political divisions after the achievement of independence and for the failure of ambitious schemes and aspirations after union or federation. Thus the separate "kingdoms" and "captaincies-general" of imperial Spain grew into states and are now growing into nations. An illustration may be found in the Australian colonies. In Australia, separate existence was at first an economic necessity, demanded by the early colonists, owing to the distinct paths of settlement and the distance between ports. Union, achieved later by means of federation, was the work of artificial efforts of statesmanship acting patiently through many difficulties.

The "Indies" were dependencies or possessions of Spain down to the nineteenth century. Viceroys, captains-general and governors were sent out from the Peninsula to rule in the capitals: corregidores held office in the smaller towns^[1]: audiencias, at once tribunals and councils, were established in important centres. The course of trade was regulated and was directed solely to the Peninsula. But the strength and the basis of the fabric lay in the municipalities, which, although

the councillors' seats were purchased from the Crown or inherited from the original purchasers, nevertheless offered some kind of public career to the inhabitants and afforded the means of local public vitality.

Emancipation

When Napoleon stretched out his hand upon the Spanish royal family and upon the Spanish kingdom, these municipalities everywhere became the channels of patriotic protest and resistance to French pretensions. Owing to the collapse of the monarchy, the unsympathetic and even hostile attitude of successive popular authorities in Spain, and the action of certain resolute leaders guiding the natural development of local activities, these movements in America soon shaped towards separation. In every capital the municipality formed the nucleus of a junta or convention, which first assumed autonomy and then was forced by the logic of events, and particularly by Spanish attempts at repression, to claim republican independence. The resultant struggle was shared in common by all. Buenos Aires, having worked out for herself a fairly tranquil and facile revolution, sent troops under San Martín to aid Chile and to invade the royalist strongholds of Peru. Bolívar, the Caraqueño, liberator of the Spanish Main and of Quito, sent his soldiers southwards through Peru. Finally, Venezuelans and Argentines, from opposite ends of the continent, stood side by side in that battle on the Andine heights of Ayacucho which ended the Spanish Viceroyalty of Peru and the Spanish dominion on the continent. The peoples of South America, through all subsequent divisions, have never quite forgotten that in those days they made common cause and united in a combined effort to lay the foundations of what might be a common destiny.

The emancipation of Mexico was a separate movement, which followed a rather different course owing to the Indian origin of most of the population. The issue was confused and hindered by early outbreaks, which were in great part Indian insurrections and class conflicts not directed to any clear aim and tainted by brigandage. An attempt was made to cut the tangle of conflicting interests by the establishment of an independent Mexican monarchy. In 1823 this was overthrown by a military revolt, which started the Mexican republic on its stormy career. The movement of separation from Spain inevitably embraced also the Captaincy-general of Guatemala, which chose separation from Mexico, and assumed the name of Central America—an artificial political term rather than a geographical description. Its five provinces eventually separated into the five republics of Central America.

Events in Brazil shaped themselves differently. Upon the French invasion of Portugal in 1807-8, the Portuguese royal family migrated to Brazil and made Rio for a time the capital of the Portuguese dominions. When King John VI returned to Lisbon in 1821, he left as Regent of Brazil his son Dom Pedro, who, a few months later, supported by Brazilian opinion, threw off allegiance to his father and declared himself an independent sovereign. Thus was established, or rather continued, that Brazilian monarchy which subsisted down to 1889 and which secured to that country tranquillity and a continuous though rather sleepy progress during the stormy period through which Spanish America passed after the achievement of independence.

For the long struggle had been mainly destructive. It had not only swept away Spanish authority, but had blurred and in some parts had erased all authority, all stability and order, had confused or obliterated whatever had existed of political experience or tradition, and had left the ignorant masses a prey to theorists and adventurers. The result was that, for at least a generation after the achievement of independence, most of the Spanish-American states were agitated by a turmoil of multitudinous constitutional experiments, confused conflict and destructive civil war, alternating with periods of rigorous and often tyrannical personal despotism. These movements have been perhaps unfairly judged in Europe. The young communities of Latin America, wanting in political experience and torn by a long and unavoidable struggle, were engaged in sweeping up the débris of their great revolution.

The Republic of Chile in great part escaped that turmoil through the establishment, after a brief period of conflict, of a fairly stable aristocratic oligarchy of landed proprietors. Her three "revolutions" have been landmarks rather than interruptions in her historical development; for they were brief, decisive and conducive to a clearer constitutional definition. Argentina, after the fall of the Dictator Rosas in 1852, began to feel her way towards union and order, and may be said to have achieved that end with the general acceptance of her completed Federal Constitution in 1880. In the tropical republics constitutional agreement was rendered more difficult by the mixture of races, by geographical and climatic obstacles and by a comparative remoteness from European influences. And in the Caribbean lands our own generation has seen Presidential seats occupied by despots of the old type, usually men of imperious and resolute character, dauntless courage and unscrupulous indifference respecting means and methods, men sometimes risen from the lowest station through ruthless force and cunning. Indeed, Mexico, after a period of remarkable

economic development under the long autocracy of Porfirio Diaz, relapsed, upon his fall in 1910-11, into the condition of a century ago.

Yet it may be generally said that the decade following 1870 was the beginning of a new era for the Latin-American republics. The extension of steam navigation, the building of railways, machinery applied to agriculture, the influx of immigrants from Southern Europe and of capital from Northern Europe, the growing demand in Europe for foodstuffs and raw materials—all these things favoured, particularly in the south temperate zone, a rapid and very remarkable economic development which accompanied and aided a consolidation and closer cohesion of the social and political fabric.

The outstanding fact in the recent history of Latin America and in her present relations to the war is this economic development, this great creation of new wealth during the past generation. It has been described in many modern books upon the various republics, and can be studied in Consular Reports, which read like romances. The Pampa has become one of the chief granaries of the world; and Buenos Aires, the greatest city of the southern hemisphere, is the centre of a railway system almost equal in extent to that of the United Kingdom. Chile has been enriched by nitrate and copper, Brazil by coffee and rubber. The High Andes have become once more a treasure-house of mineral wealth: tropical hills, valleys and coastal plains yield the riches of their vegetable products.

The date assigned above as the beginning of this great economic increase is the date when the modern German Empire came into complete being. The recent growth of Latin America coincides with the birth and growth of the German industrial system. The organised energy, the patient assiduity, the expanding productiveness of Germany found a great opportunity in meeting the new needs of these rapidly growing countries. Germans won a remarkable position in those lands and had marked out for themselves a yet more ambitious future.

During the same period the United States, having decisively consolidated the Union, has taken its place among the great Powers of the world. That republic has also altered its economic character: for whereas previously the inhabitants had been principally engaged in the internal development of a vast territory and had been exporters mainly of foodstuffs and raw materials, the growth of population has turned them into a commercial people exporting manufactured goods. This dual development, political and economic, has profoundly affected the relations of the United States with Latin America.

Meantime the long-standing and intimate connexion between these lands and the maritime countries of Western Europe has followed a natural and uninterrupted course suffering no signal change except that, quickened by a newly-awakened and more active interest on the part of Europe, it has become closer, more sympathetic and more firmly based upon mutual respect and understanding.

It is the object of the following pages to examine these matters with reference to the Great War, and also to consider generally the bearings of the war upon the development of the Latin-American countries.



CHAPTER I

POLITICAL CURRENTS AND FORCES

In estimating the bearings of the great war upon these countries, it is necessary to review certain political forces and currents of public thought, which the Germans have attempted to divert to diplomatic or bellicose ends. Since these influences date in part from the era of independence or even from an earlier date, clearness of vision demands some historical retrospect. When, upon the achievement of independence, schemes of Latin-American or of South American union were found impracticable, it was inevitable that frontier disputes and national rivalries should lead to tension and sometimes to wars between states. When it is remembered that every one of the ten South American republics was divided from several neighbours by frontiers partly traversing half-explored and imperfectly mapped regions, it is perhaps surprising that such questions have been on the whole so amicably settled, and that those which are still pending do not appear to be menacing or dangerous. Owing to the paucity of population on the ill-defined and remote interior frontiers, many of these questions did not become urgent until the latter part of the nineteenth century, when the increasing seriousness of political interests, the steady influences of material growth, and the pressure of outside opinion favoured peaceful settlement, usually by means of arbitration. It would be possible to compile a formidable list of such disputes. Most of them are questions concerning historical and geographical delimitation, of great local interest, but hardly of world-wide significance, although for a time the world was alarmed lest the frontier dispute of Argentina and Chile should excite a conflict between the two peoples engaged in the development of the south temperate zone, the natural seat of an important trans-Atlantic European civilisation.

A good example of the character of such frontier questions, of their mode of settlement and of their possible exploitation for Teutonic purposes is to be found in the long-protracted dispute concerning the boundary between Venezuela and British Guiana—a dispute which only became acute when gold was discovered in the region under debate. In deference to external influence, the whole question was submitted to arbitration, and was decided according to historical evidence concerning the early course of settlement. This example is of further interest as

illustrating the German method of seizing opportunities. For, today, German propaganda seeks to revive the bitterness of this episode, and cultivates the favour of Venezuela by holding out the prospect of the enlargement and enrichment of that republic through the absorption of British Guiana and Northern Brazil; just as the neighbouring Republic of Colombia is assured that German victory and the humiliation of the United States will mean the return of Panamá to Colombia. It would be unwise to dismiss such persuasive lures as too fantastic even for the tropical atmosphere of the Spanish Main. Wherever opportunities occur, similar efforts are made to turn to account national jealousies, resentments and ambitions, and particularly to exacerbate the relations between Brazil and Argentina, between Peru and Chile, between Mexico and the United States.

The rivalry between the Portuguese and Spanish elements in South America dates from early colonial times; and, as often happens in disputes between members of the same family, has been perhaps more warmly felt than the historic rivalry between Anglo-Saxon and Latin in America. The feeling was kept alive after emancipation by a dispute concerning the possession of the Banda Oriental (now the Uruguayan Republic), which geographically belonged rather to the Portuguese or Brazilian system, historically to the Spanish or Argentine system. During the eighteenth century Spaniards and Portuguese had disputed its dominion in a series of rival settlements, of wars and treaties, which finally left Spain in possession. The struggle for emancipation reopened the question. For three years (1825-28) Argentina and Brazil fought for possession. The quarrel was adjusted, through the mediation of British diplomacy, by the recognition of the Banda Oriental as a sovereign republic. Twenty years later, Rosas, dictator of Buenos Aires, attempted to reverse this decision by force of arms. His fall, partly brought about by Brazilian intervention, settled the question. But it has left traces upon the vivacious local sentiment of those young countries.

Again, the war which Chile waged in 1879-83 against Bolivia and Peru ended in the occupation by Chile of Western Bolivia and also of the two southern provinces of Peru. The ultimate possession of these two provinces is still under discussion. Meantime, they remain in Chilean hands; and, although a friendlier atmosphere now prevails, diplomatic relations have never been resumed between Peru and Chile.

In these inter-state questions Germany seeks her opportunity for fishing in troubled waters. German diplomacy and propaganda have striven to reopen these

old sores and to impede Latin-American consolidation by setting state against state, and by fomenting or reviving latent ambitions of hegemony or aggrandisement. Those who favour Germany are to win great territorial rewards, at the expense of their misguided neighbours, upon the achievement of that German victory which is represented as certain. Particular efforts have been made to embroil Argentina with her neighbours; a prominent feature of this programme is the dismemberment of Brazil.

But the most important of these political movements and the one which seemed to offer most promise to German schemes, is the long dispute between Mexico and her northern neighbour. This is a part of that process which since the beginning of the nineteenth century has radically altered the map of the Caribbean lands and has shifted the whole weight of political influence in that region. The chief effort of Germany is to exploit the historic rivalry between Anglo-Saxon America and Latin America, and to separate north from south by reviving the smart of past incidents and by stirring up apprehensions as to the future.

Here, again, it is necessary to glance back and summarise the chief actual events of that history^[2]. When Latin-American independence was achieved, between 1820 and 1824, the United States had already become the dominant power on the Mexican Gulf by the acquisition of Louisiana and Florida, and in 1826 she exercised the privileges of that position by prohibiting Mexican and Colombian designs for the emancipation of Cuba. In 1845 Texas, which nine years before had seceded from Mexico, was admitted to the Union, and in 1846-48 half the territory of the Mexican Republic was transferred to the United States by a process of conquest confirmed by purchase.

A pause in advance followed, until events showed that Isthmian control was a national necessity to the United States. It suffices here to note the conclusion of a long diplomatic history. In 1903 the United States, having failed to obtain concessions of the desired kind from Colombia, supported the province of Panamá in her secession from Colombia, and speedily obtained from the newly formed republic a perpetual lease of the canal zone, together with a practical protectorate over the Republic of Panamá. The United States then proceeded to construct and fortify the canal. She also procured from Nicaragua exclusive rights concerning the construction of any canal through Nicaraguan territory, and erected in fact a kind of protectorate over that republic.

Meanwhile, in the Antilles events were shaping towards control from the north.

A long-standing trouble concerning Cuba culminated in the Spanish-American War of 1898, which brought about the annexation of Porto Rico and the Philippines to the United States, while Cuba became a republic under the tutelage of that Power. Five years later the United States, in order to save the Dominican Republic from European pressure, undertook the administration of the revenues of that state. In 1915 she interposed to suppress a revolution in Haiti. Finally last year (1917) she purchased from Denmark the islands of St Thomas and Santa Cruz. Recent rumours as to a proposed further purchase—that of Dutch Guiana—have been officially denied.

These advances have not gone beyond the Caribbean area, where geographical conditions place the United States in a dominant position. Her relations with the more distant southern countries, not touching the Mediterranean Sea of the New World, fall into a different category and do not directly concern the immediate topic.

But in the Caribbean area the United States has established a Sphere of Influence, not indeed explicitly defined as such, but recognised in effect by other governments and accepted by some at least of the republics occupying that region. The events of the last twenty years further indicate that the United States is undertaking the obligation, usual in such cases, of imposing a "Pax Americana." As in similar instances elsewhere, this Pax Americana has not quite clearly marked its geographical limit, nor is it guided by any theoretical consistency, but rather by the merits of the case and the test of immediate expediency in each instance. Thus, whereas the United States enforces peace in Haiti and definitely undertakes to maintain internal tranquillity in Cuba, she has on the other hand withdrawn from interposition in Mexico. The outside world has, on the whole, treated these matters as the concern of the United States and respected the working of the Pax Americana.

Meanwhile, geographical proximity has favoured North American commerce, and in recent years more than half the trade of Central America was carried on with the United States.

It has been necessary to define the situation, because it is accepted by the Allies, while it is at the same time jealously assailed by Germany.

For Germany, too, has won a remarkable position in the same region by her economic efforts, which have also their political side. On the one hand Central America is in a kind of dependence upon the United States: on the other hand, it

has been said, with obvious exaggeration, but with some epigrammatic truth, that Guatemala before the war had become a dependency of Germany in everything but the flag. German intelligence and industry had seized the opportunity offered in the recent development of a comparatively backward region. Peaceful penetration was a work of methodical effort, of organised combination. German firms, mostly of recent origin and sprung from small beginnings, always preferred to import from Germany in order to favour German trade. Indeed they were bound to do so by the terms of the credit granted to them by German banks or Hamburg export firms for starting their business. Young men came out from Germany—serious, plodding youths, working for small pay, taking few pleasures and immersed in business. German retail houses, either newly established or formed by the insinuation of Germans into native families or native firms, worked in close contact with the importing houses. The shipping companies worked with these latter and with the Hamburg firms. The chief German achievement in this region was the control of the coffee industry, which was acquired by the usual German combination of admirable industry, patience and intelligence with unscrupulous greed and cunning. Germans advanced money to the grateful owners of coffee estates on such terms that the native owner in course of time found himself bound hand and foot by ever-increasing debt; and the properties usually passed into the hands of the exacting foreign creditor, the former owner being often kept on as paid manager. In this way, besides doing a good stroke of business for himself, the German served Germany by increasing German interests in the country, providing cargo for German ships and helping to secure for Hamburg the coffee market of Europe. Every little advantage gained by an individual German was reckoned as a national gain, as the starting-point for another German step forwards. Nor was German advance confined to Guatemala: it penetrated all Central America as well as Mexico and the Antillean Republics, especially Haiti.

But the maritime war, the British blockade and Black List and, finally, the participation of the United States have shaken the fabric thus laboriously raised. German ingenuity had overreached itself. For it was the insidious and cruel method of German land-grabbing in Guatemala which more than anything determined that republic to declare war, in order to escape from this ignominious economic dependence, this foreign control of a national industry. For it would be difficult to define a clear *casus belli*. But in the peculiar form of her declaration of war she told the world under which system she chose to live. For in April 1918 Guatemala announced that thenceforth she occupied the same position as the United States towards the European belligerents.

The iniquity of North American intervention in Nicaragua and the implied menace to other states were insistently preached by Germany throughout Central America; yet, a month later, Nicaragua also declared war, proclaiming at the same time her solidarity with the United States and with the other belligerent American Republics.

In Costa Rica the Germans represented the non-recognition by the United States of President Tinoco, who owed his position to a *coup d'état*, as a menacing insult to that Republic. Then, the same Germans intrigued to overthrow Tinoco on account of a Government proposal to tax coffee stored for future export. The upshot was that, in May 1918, Costa Rica declared war. Two months later Haiti took the same decisive step, and also Honduras.

The significance of these additions to the belligerent ranks is perhaps hardly realised in Europe. Every one of them is a serious reverse in the economic war which Germany is waging, and every one makes it more difficult for Germans in America to keep up communication with Hamburg.

Indeed, the tale of recent events reads like a mere series of German reverses, snatching away advantages already gained. In 1912, the treaty for the American purchase of the Danish Antilles was all but complete, when German influence in the Upper House of the Danish Parliament prevented ratification and thwarted, for the time, the plans of the United States. During the present war, the purchase was completed, Germany being impotent. Again, Germany, having acquired a strong position in Haiti, designed that the Haitian Republic should become a Teutonised base of activity, repudiating the Pax Americana and threatening the security of American sea-paths. The United States put out a hand, and this highly-coloured vision faded away. Cuba, Panamá, Guatemala, Nicaragua, Costa Rica, Haiti, Honduras—all of these in turn struck at Germany through the declaration of war^[3].

Yet Germany, beaten from point to point, still holds her ground in Mexico. One of the curious side-scenes of the great war was the attempt of the German Foreign Office to contrive an offensive alliance of Japan and Mexico against the United States. Mexico was to be rewarded by the recovery of Texas. This underhand plot against a neutral nation at peace with Germany collapsed at its inception. Yet the present German menace in Mexico is not to be despised. The rulers in the Mexican capital exhibit an ostentatious cordiality towards Potsdam and sometimes an almost petulant impatience towards the Allies. The German is the favoured one among foreigners in the republic. Supported by the German

Legation, the German banks, and the countenance of the Mexican authorities, Germans are strengthening their economic hold, particularly through the acquisition of oil and mining properties. This advance has its political side: for hopes seem to be entertained that a militant power, inspired by Germany, may press upon the long southern frontier of the United States, disturb her pacific influence in the Antilles, threaten the security of her maritime routes, and interpose a barrier between her and her scientific frontier on the Isthmus of Panamá. Such schemes may sound fanciful, and no doubt in their entirety they are impracticable. But it would be a mistake to regard Germany as powerless or to undervalue her tenacious and intelligent opportunism. And, in any case, the economic position demands attention.

A word may here be said about the German effort to hold up before the eyes of all South America the spectre of the "Yankee peril." These German efforts have not succeeded, as will be shown later. Yet it would be rash optimism to assume that they have won no temporary success. Correspondence published by the Washington authorities shows that the German Minister at Buenos Aires succeeded in inducing the Argentine Government to approach Chile and Bolivia with a view to a combination against the United States—a scheme which, if carried through, might have produced a split in the political system of the South American Republics. A similar tendency appeared in President Irigoyen's attempt to convoke a conference of neutral American states, an attempt which has had no result except the dispatch of Mexican missions to Buenos Aires. Such incidents cannot be ignored: they illustrate a movement which is not quite effete.

From what has been said above it is obvious that German designs in Central America and the Antilles are not quite recent in their inception. The same is true of another field which for a generation past has attracted German ambitions. The flourishing self-contained German-speaking communities in Southern Brazil offered an attractive goal to an empire which was feverishly building ships, pursuing a maritime future and hunting for colonies. Here was a German colony in existence and almost constituting already an *imperium in imperio*. German emigrants, brought out by the Brazilian Emperors between 1825 and 1860, had by thrifty and intelligent industry done much to develop the south; and their descendants—now estimated to number 400,000—inhabited German towns, with German schools, newspapers and churches, where even proclamations of the Brazilian Government were published in German. Although not a product of the modern German Empire, this *Deutschtum im Ausland* has been studiously cultivated by that empire through every possible agency, and especially by

imperial grants to German schools, whose pupils were taught that they were Germans owing a prior allegiance to Germany. Some hope was entertained of carving a Teutonic state out of Brazil, perhaps to form nominally, at all events for a time, an independent republic. The disturbances in the south which followed the establishment of the Brazilian Republic appeared to favour this chance, which depended however on one condition, the countenance of Great Britain in order to cope with the opposition of the United States. But in any case the vigour and increase of the German element was to dominate Southern Brazil and help to bring that region into moral dependence upon Germany. That these designs were not viewed in South America as wholly imaginative, is proved by a recent incident. The Uruguayan Government, after revoking neutrality and seizing the interned German ships, asked and obtained an assurance of Argentine support, in case Uruguayan soil should be invaded by Germans from Southern Brazil. It may be added that recent German commercial penetration has been particularly active in Brazil.

Owing to their remoteness and lesser numbers, the German communities in Southern Chile—whose first founders emigrated from Germany after the troubles of 1848—did not invite such large political designs, although there is reason to think that in the earlier part of the war, when a German war fleet still kept the sea, the manifold activities of Germany included some notion of obtaining a permanent footing in the Pacific. These German-speaking settlements have been carefully cultivated, by the same methods as those used in Brazil, to become a Germanising force in Chile and a German outpost on the west coast. In 1916 a Chilean-German League was established, to include all persons in Chile of German origin and language, with the intention that the members should use their influence as Chilean citizens, especially at election time, on behalf of German interests.

Another influence which Germany strives to turn to account is the recent movement represented by the *Unión Ibero-Americana*, which seeks to draw together Spain and the Spanish-American republics. The German efforts to give a Teutonic tinge to the present Spanish movement of national revival look also towards Latin America, in the hope that friendship with Spain may tell against French and North American influence; and attempts are being made to exploit for that purpose the Ibero-American celebration which is to be held in Madrid in October, 1918.

Lastly, in estimating political forces which have to be reckoned as factors in the conflict, some mention should be made of the very warm sentiment towards

France which has prevailed for generations among educated South Americans—a sentiment which passes the bounds of mere private or even semi-official relations. This feeling is not universal, and would hardly be admitted in clerical and military circles. But it is sufficiently strong and general to be remotely compared to the sentiment which a Greek ἀποικία usually entertained towards the mother-city. French thought permeates the work of Latin-American historians and political writers. French example and theory mould the form and the action of governments. Paris is felt to be the capital and the centre of inspiration for Latin civilisation. The debt of South America to France has been generously, and indeed affectionately, avowed by a succession of Argentine writers. A recent German semi-official utterance openly admits and deplores the historic attachment of South America to France. This attitude towards France can hardly fail to have some public weight; and there is no doubt that the course pursued by Brazil has been partly inspired by love of France.



CHAPTER II

THE GERMAN OUTLOOK ON LATIN AMERICA

"South America is the special theatre and object of German commercial industry." This emphatic declaration—reiterated in various forms by other German authorities—is the theme treated by Professor Gast, Director of the German South American Institute at Aix-la-Chapelle, in a pamphlet entitled *Deutschland und Süd-Amerika*, which may be regarded as a semi-official exposition of German objects and opportunities. The pamphlet appeared in the latter part of 1915. The events which have since occurred, however damaging they may be to German hopes, do not affect the views expressed. Since this advice from a German authority to Germans is a frank revelation of German views, it seems worth giving a very brief abstract of the main points, which the writer elaborates at great length, though he does not enter upon details of business method.

"The German Press," says Professor Gast, "has never published so much about Latin America as during this war. This proves the importance of German relations there and the need of clear ideas concerning them. An economic competition, intense beyond all example, has sprung up concerning Latin America. The chief feature is the 'Financial Offensive' of the United States. The present grouping of competitors is accidental and false. The natural conflict is between the United States on the one side, and on the other side all industrial and exporting peoples, including Japan. The United States, the most dangerous competitor, is handicapped by the higher cost of production in North America and by the want of that facility of adaptation to customers' needs in which Germany excels. Yet the war has revealed the weakness of German reputation. Everywhere the prevailing strain is antipathy to Germany. It is the duty of Germans to put aside resentment and to strengthen their economic position. For trade with the two Americas is the chief source of prosperity for modern German commerce, particularly that of Hamburg. And after the war this trans-Oceanic trade will be a matter of yet more urgent national importance."

This general survey is followed by an examination of special opportunities open to Germans. "Germany has not the many-sided relations with Latin America

possessed by the Latin peoples of Europe, nor the politico-geographical advantages of the United States, nor the strong capitalist position of Great Britain. She must make the most of what she does possess. Her main asset is the German in South America. Every German abroad means the investment of interest-bearing capital for German cultural expansion. Two things are required of him, to win esteem by good work and to place his personal influence at the disposal of German national ends. The compact German communities in Brazil and in Southern Chile should be supported and organised from home, but not obtrusively, lest local feeling be aroused. They may perhaps serve Germany best by a partial mingling with the native population, so as to spread German culture and the taste for German goods. But, everywhere, all individual Germans are Germanising agents. The German merchant particularly is the missionary of cultural and political influence. So also the German soldier, particularly the German officers employed as instructors in Chile and Argentina. Most South American officers feel a professional sympathy for Germany. Hence spring useful personal friendships: to foster and enlarge these is an urgent duty. Germans exercise other professions which facilitate the patriotic diffusion of German culture. Such are physicians, who find peculiar opportunities in their intimate relations with families in their homes; the clergy, both Protestant and Roman Catholic; teachers, whose proved idealism is an admirable equipment for the spread of German culture; scientific men, journalists, surveyors, geologists, professors in training colleges. If possible they should work in combination, as they do in the German Scientific Club of Buenos Aires. Every one of them must use every professional opportunity and every item of personal influence and private friendship for the advantage of Germany.

"A knowledge of German culture must be spread by a systematic educational movement. But this must be done tactfully. The German's propensity to foreign studies will aid him. He must equip himself by assimilating Latin culture, must use his knowledge of French culture, must oppose French influence by encouraging Spanish culture. His object is to catch souls; and, next to financial strength, the first necessity is tact."

Two points stand out in this very candid statement. First, every German abroad is an item in the national balance-sheet; he must earn interest. The intimacy between the pastor and his flock, the physician's intercourse with his patient, are set down on the credit side of the national profit-and-loss account. Secondly, the most profitable method is a liberal education. There is something whimsical in the combination of inhuman material calculation with humanising influences,

and one may smile at the heavy solemnity of the suggestion that the German will find it pay to acquire tact and to Latinise himself for outside intercourse. But the suggestion should not be dismissed as absurd. Whatever can be done by effort, study, and will-power the German will do. He is training himself to be a more formidable competitor than ever in the economic arena.

Indeed, the pamphlet is valuable, not only as a hint for the future, but also as an avowal of methods which are already at work. One of these is a deliberate system of politic and profitable marriages. German clerks receive promotion only on condition that they marry native girls and establish homes in the country. This policy has been so steadily pursued that everywhere German business men have entered Latin-American families and exercise a Teutonising influence. Through marriage also, accompanied by skilled and profitable management, Germans acquire control of property and of trading concerns. Again, owing to their reputation for expert efficiency and scientific competence, Germans fill many posts of influence and trust in universities, scientific institutions and government departments. Argentina is an example. In the National University Germans control the engineering and chemical sections, where their pupils are trained to use German apparatus and methods. German curators in the Geological Museum receive early information as to any discoveries of minerals or oil. Germans employed as experts in the public service learn details of any public works proposed by the government or the municipalities. Reports on such schemes pass through their hands and, since estimates are not carefully checked, they are thus able to favour German trade at the expense of the Argentine taxpayer.

In every city the German *Verein* unites the German community, so that Germans may avoid competition and may co-operate with one another and with Germans in the Fatherland. The bank and the merchant work in close combination and have at their disposal all the information gathered by German employees in other banks and in business firms. The German has been quick to anticipate others in occupying new ground: for example, in the remote but vast and productive region of Eastern Bolivia, watered by the three great navigable affluents of the Madeira, a region which is just beginning to awake to the promise of a great future, the German trader hitherto has scarcely had a competitor. Again, the German has won predominance in the electrical and chemical industries by applying his practical scientific aptitude to the supply of new wants. Lastly, the German is distinguished by close attention to detail and adaptation to local needs.

Yet Germans note and deplore "a constant strain of antipathy to Germany, a wave of anti-German hate." The remedies suggested are: first, a more efficient German service of news, and secondly, "a systematic cultural activity, conducted with push and comprehensive inspiration."

What is being done in Germany to realise these methods? First may be mentioned the various associations for extending German influence abroad and binding to the Fatherland all Germans living abroad, whether in South America or elsewhere. Such are the Pan-German League, the German Navy League, the League for Germanism abroad, the League for German Art abroad, the School League which gives support to German schools outside Germany, the German rifle club, with its headquarters in Nuremberg, to which rifle clubs abroad are affiliated, and, lastly, the Foreign Museum, recently founded under the highest official patronage, which arranges economic exhibitions in various German cities. Although these associations were not founded particularly for Latin-American objects, their present efforts are particularly bent in that direction, as the Pan-German League lately declared. But, besides these comprehensive agencies, Germany possesses three institutions specially devoted to Latin-American purposes. One of these existed before the war, namely the German South American Institute at Aix-la-Chapelle, to which the Imperial and Prussian authorities have entrusted "the cultivation of scientific and artistic relations with South and Central America on the lines of a general cultural policy." Its objects are to draw together German and South American students, to maintain a South American library and information bureau, to encourage in Germany the study of South American matters by prize essays, travelling scholarships and similar methods, and to use every means of making German intellectual work known to South Americans. The Institute publishes a Spanish monthly illustrated periodical, *El Mensajero de Ultramar*, and also a Portuguese version, *O Transatlántico*. These papers are well calculated to uphold German culture across the Atlantic: they are admirably got up and aim at presenting an attractive picture of German life and institutions, dwelling particularly on the steady continuance of German industry, artistic production and even sport during the war. The Institute also publishes a German periodical, strictly business-like and containing only technical illustrations, for the purpose of keeping Germans informed on Latin-American affairs.

The Institute at Aix, although its ultimate object is mainly economic, leaves business methods and matters of immediate economic concern to other agencies. Before the war there flourished already in Germany a League for Argentina and

one for Brazil. In 1915 these two Associations combined in order to form a German Economic League for South and Central America. A prospectus was issued and a meeting was held in Berlin under the presidency of Herr Dernburg, who spoke of the coming economic struggle and pointed out that German trade, except in the electrical industry, was not supported by large capital investments such as their rivals possessed. The dependence of South America on other industrial nations, owing to want of coal and iron, would facilitate German investment, to supply this defect. Germans had failed to make friends through not understanding the psychology of South Americans. German strength and practical energy must avoid arrogant pedagogic ways and must make their way through a tactful and sympathetic propaganda.

At this meeting the league was inaugurated with 120 members. Very soon it numbered 1000. Among the associations which figure as members are the German Industrialist League, the German Mercantile League, the Berlin Chamber of Commerce, the South German Export League, the League for Germanism abroad, the Society for German Art abroad. The three great banks, known in Germany as the three D.'s, are members, so also the great Shipping Companies; also newspaper and publishing firms; also many of the great industrial syndicates. A notable feature in the work of the league is the maintenance of a club in Berlin where business men and other travellers from South America are welcomed. A great point is made of this work of personal cultivation. The object is to make by hospitable attentions a Germanophil convert of every Latin-American visitor to Berlin and send him back across the Atlantic a missionary for German culture and German business. But the principal aim of the league is to unite all Germans who have any business interests in any part of Latin America, so as to pool together their knowledge, their resources, and their efforts. In this economic war the Germans move, as it were, in mass formation. Branches of the league were speedily established in every one of the twenty-one American republics, and these branches co-operate actively with the parent society at home in the furtherance of German influence and economic advantage.

A third institution, the Hamburg Ibero-American League, has been formed in the metropolis of German Latin-American trade. Already before the war, besides the usual trading organisations of a great port, Hamburg possessed a Technical High School which is practically a university of trade and industry; a Seminary for Romance languages and culture, which maintains a South American library; and a singularly complete bureau of information concerning all over-sea countries,

which is known as the Hamburg Colonial Institute.

But Hamburg still felt a want, which was supplied by the formation of the Hamburg Ibero-American League. Its objects are: (1) in Spain and Spanish America: to spread a knowledge of Germany's resources and to cultivate friendly relations in government departments, semi-official institutions and social, literary and scientific circles. To circulate the illustrated weekly *El Heraldo de Hamburgo*, also pamphlets in Spanish and Portuguese; to station confidential emissaries in appropriate posts; to encourage interchange of visits and to inculcate the advantages which Germany offers as a training-ground for every calling. (2) In Hamburg: to prepare for intercourse after the war by arranging lectures and by organising language courses in German, Spanish and Portuguese, and particularly to establish a *Centro Ibero-Americano* with club, reading room, and information bureau, a house fully equipped for the hospitable reception of travellers from the Peninsula and from South America. The league is to consist of twenty-two sections, one for Spain, one for Portugal, one for each of the twenty Latin-American republics, in order that all who have interests in any part of the Ibero-American world may support one another.

A fourth association, the Germanic League for South America, has been formed more recently for the purpose of uniting together persons of German speech and origin in Latin America and preserving their Germanic character, particularly by means of German schools. This institution has a special significance just at the time when the Brazilian Government has determined that all its citizens shall be Brazilians and nothing else.

The three leagues which have their headquarters in Berlin, Hamburg and Aix-la-Chapelle have been in active movement for some time, and there is evidence from South America that they do their work in a thorough and effective fashion and have won considerable success, particularly through cultivating the friendship of South American visitors to Germany.

But in estimating German designs, we must look beyond these German leagues, which are merely an incidental part of German economic organisation. That subject far transcends the present topic, but embraces it so closely that the main outlines may be indicated. Most of the German industries are consolidated into cartels or syndicates in such a way as to eliminate competition, regulate prices and output, distribute risks or losses, facilitate the export of surplus products, and apportion business between the members of the cartel. The whole body of industrialists is united in league; merchants or exporters are similarly united; a

small group of great banks, practically constituting one power, manages the financial side of the national industry and commerce with a singular mixture of daring and judgment, guided by a wonderfully complete enquiry system, a veritable international secret service; the great shipping companies, which coalesce more and more into a single huge national concern, work in close co-operation with organised industry and organised trade; railway transport is managed by the state so as to dovetail into the same machine: and the whole forms altogether a carefully constructed system of co-operation, cohesion and united action. That organisation has not fallen into abeyance during the present war. On the contrary, month by month it is being perfected, rounded off. Lastly, Germany has appointed, as it were, an economic headquarters staff, a small group of expert business men who for two years past have been devoting themselves to the working out of means for transferring Germany from a war basis to a peace basis with the least possible disturbance and delay. This higher command has its hand upon the levers of the whole machine, which, upon the conclusion of peace, is at once to resume with redoubled energy its interrupted task, industrial and commercial recovery, and particularly the economic conquest of Latin America.

In order that we may know what Germany is doing, these German organisations have been noted here. It would be impertinent, in both senses of the word, to compare or to criticise British methods. The problem of British reorganisation is being studied by experts and worked out by those in authority, and it is constantly expounded in official publications. But, without attempting to give individual opinions, one may quote some of authority.

"Great nations do not imitate." We may learn much in detail from the Germans; but Englishmen could not adopt the German system unless by first turning themselves into Prussians. Our people would never submit to Prussian methods of state control. Moreover all British experience shows that in this country such control would be disastrous. Yet competent authorities agree that immediate organisation is a necessity. It cannot be beyond the wit of Englishmen to devise means whereby British individual enterprise, common sense and self-reliance may work through methods of systematic organisation, combination, united action. From the friends of Britain everywhere comes the same warning. It is most appropriate to conclude with one uttered by a South American of unimpeachable authority, Don Pedro Cosio, former Uruguayan Finance Minister, who recently represented the Republic of Uruguay in this country. In a report to his government on the organisation of labour in the United Kingdom he writes, "The nation which is the first to organise its industry for the commercial campaign will be the one which will occupy the forefront in foreign markets."



CHAPTER III

THE ECONOMIC WAR AND ITS PROPAGANDA

"Economic War":—This reiterated German phrase is not mere metaphor. The Germans pursued in peace the operations of war. To them commerce meant not merely the pursuit of trade in peaceful rivalry with others, but a sustained effort to defeat and oust rivals and reduce to economic subjugation the lands penetrated. By plunging into open war, which was meant to continue and to confirm that process, the Germans have risked their previous gains. Their own weapons are turned against them. The economic character of the actual war and the efficacy of the economic weapon in the hands of the Allies become more and more evident. In the early months of the war this weapon was not wielded with thorough decision, and Germans beyond the Atlantic were able to carry on considerable European trade. But today the German merchant is striving to defend, against an overwhelming weight of maritime pressure, the ground which he had won through a generation of laborious and patient effort.

This economic struggle covers all the shores of all the Oceans. Its Latin-American phase has a special interest owing to the remarkable position attained in those lands by the Germans, the high value which they attach to that position, and their special efforts to maintain it under present difficulties. The most varied ingenuity is called into play to circumvent the barrier which now cuts off those countries from Germany. Present risks and losses are viewed as part of the inevitable waste of war, as an outlay deliberately incurred in the all-important task of holding open the gate through which, upon the conclusion of peace, the fruits of German industry are at once to pour in an irresistible stream, in exchange for those raw materials which are urgently needed to feed the industrial life of Germany after the war. This is the constant preoccupation of German business circles—the need of raw materials. And this is the reason why Latin America, the great source of raw materials, is courted with eager hope and anxious apprehension.

It is noticeable that a very large part of the cargoes condemned by the British Prize Court, as actually intended for the enemy though consigned to other pretended destinations, consists of goods from Latin America. For example, in

August 1917 the Court condemned quantities of coffee, seized on a score of neutral steamers and ostensibly consigned to Scandinavian and Dutch merchants, but in fact shipped by a German firm at Santos for the parent house in Hamburg. Two months later, it was stated in court that nearly £400,000 worth of wool, shipped from Buenos Aires to the Swedish Army Administration at Gothenburg, had been seized by the British as being in fact destined for Leipzig. At the same time the Court condemned a number of manufactured rubber articles which had been found concealed in a passenger's clothing. On a later occasion, coffee and cocoa valued at nearly £200,000 were condemned, being part cargo of a Swedish ship bound from California to Gothenburg. They were consigned by a new and insignificant firm in San Francisco to various persons in Scandinavia, but were in fact on their way from Guatemala to Hamburg through Sweden.

The elaborate webs spun by German traders and revealed by intercepted correspondence were exposed in the Prize Court. Their methods were to find persons in neutral countries as nominal consignees, to act as intermediaries for getting the goods to Germany; to set up bogus companies for the same purpose; to use false names, or names of persons having no genuine interest in the consignment, and to manufacture false documents in order to give the appearance of neutral business. This was done to evade capture by deceiving the belligerent searchers. In some instances these methods succeeded. Quantities of coffee, consigned to Scandinavia, managed to elude the allied warships and reach Hamburg.

These are cases of import into Germany. The reverse process, export from Germany through neutrals, follows similar lines. German goods, falsely labelled and described as Swiss or Dutch or Scandinavian manufactures, have found their way across the Atlantic in neutral ships.

The Post Office has also served as a channel of secret trade. Pictures in the Press have exhibited the odd ingenuity of these devices: how coffee from Brazil to Germany was found concealed in rolls of newspapers, and how thin slabs of rubber were sent by post as photographs, also how quantities of jewellery have been despatched from Germany for South America in letters and in bundles of samples or journals. Goods so sent from Germany through the Post Office are mostly such as combine small bulk with high value—especially drugs and jewellery.

These partial examples, although each instance may seem small enough, indicate collectively a good deal of enemy trade which has found devious routes under

stress of war. These manœuvres may seem at first sight merely trivial curiosities or at all events to have no more than ephemeral importance, since they were improvised to overcome temporary obstacles. But, apart from their intrinsic interest as episodes in one phase of the war and as evidence of the efficacy of Sea Power, these devices merit practical attention in view of proposals to fasten economic fetters upon Germany by the terms of peace, and in view of the odium which may tell against German commerce for years to come. German business men are preparing to meet these difficulties by continuing the method of exporting through neutral agents, and are proposing in some cases to transport to a neutral country the work of completing manufacture, in order that goods so produced may appear to be indisputably of non-German origin; and the Foreign Trade Department at Berlin has advised German merchants to employ, for some years after the war, travellers and agents who can pass as French or English. It would be unwise to underrate any instance of German inventive persistency.

Before the United States came into the war, that country was the channel of much German trade with Latin America. That road is now closed. The United States Government has gone further. It refuses coal in North American ports to ships proceeding from South America to neutral countries in Europe, unless the innocence of the cargo can be conclusively proved. This regulation shows that the United States authorities have knowledge that the ultimate destination of much South American cargo, particularly from the Argentine Republic, has been Germany. The blockade becomes more stringent through the co-operation of the United States and of Brazil, and through the action of the statutory list of "persons and firms with whom persons and firms in the United Kingdom are prohibited from trading." British commerce is a big and living thing, and the prohibition hits very hard any firm placed on this Black List. One finds here not only Teutonic names, but also innocent-sounding Latin names: for if a Latin-American is found to be acting as agent or cloak for a German trader, he finds himself pilloried on the Black List beside the German. There are obvious ways of evasion. The name of a clerk or door-keeper or a lady type-writer may appear as consignee. A varied ingenuity has to be met by constant watchfulness, and the list is regularly altered and kept up to date. The Black List has been much criticised for omissions, which are sometimes due to motives of expediency. But the bitter complaints about its injustice are unsolicited testimony to its efficacy. A striking example of its working was manifested in September 1917. After the outbreak of war, such of the Chilian nitrate works as were owned by Germans were unable to sell their nitrate or even to obtain jute bags, the supply of which is in British control. The unsold stocks went on accumulating, until one by one

the German nitrate works were compelled to close down. Long negotiations between Santiago and Berlin found at last a remedy for this waste. It was agreed that the large deposits of Chilean gold in Germany should be set against the German-owned nitrate in Chile. The Chilean Government bought the nitrate, and paid the German owners by drafts on Berlin, which were met out of the Chilean money deposits in Germany. Thus Germany received Chilean gold in exchange for the inaccessible nitrate, while the Chilean Government received nitrate in exchange for its inaccessible gold. Chile then sold the nitrate for American gold to the largest manufacturer of explosives in the United States. Thus, one result of the blockade and the statutory list is that this German nitrate goes to make munitions, to be hurled at the Germans on the French front from American guns. The German Government, by sanctioning this sale of explosive material to its enemies, gave evidence of its earnest desire to stand well with Chile. On the other hand, Germany was impelled to this agreement in order to obviate grave financial loss to Germans and especially to save a big Hamburg firm from disaster.

The active entry of Brazil into the war has in great part superseded the action of the statutory list in that country: for Brazil has taken decisive measures towards Germans within her borders. All enemy enterprises are in the hands of government receivers. All contracts for purchase of coffee or other Brazilian products by Germans are null and void; and in cases where payments had been made by the German purchasers, all such payments must be handed over to the official receivers. The United States also publishes a Black List of firms with whom her citizens are forbidden to deal. Evasion of allied watchfulness becomes more and more difficult: yet ingenious, and sometimes successful efforts are made to find loopholes in the wall of the blockade.

There are now in Buenos Aires nearly 150 Turkish firms—Levantines of every denomination, Mohammedan, Christian, Jewish. Some of these are long-established and well-reputed houses. But most of them have sprung up during the war. Some of them, starting with exiguous capital, have made large fortunes in a year or two of trade. This has been done by supplying to German black-listed firms goods imported direct from Manchester and Bradford. Through the close co-operation of the German bank with German trade, these Syrians and Armenians are enabled, by the Germans standing behind them, to pay cash against documents in place of the usual sixty to ninety days' credit, and thus have a great advantage over the British or allied trader. The British authorities now permit export only to certain registered Turkish firms. The restriction does

something to limit the abuse of this kind of trading.

Besides these ingenious efforts to keep open communication with Europe, there is another side of the commercial war. In the neutral states of Latin America the German business man is as ubiquitous and energetic as ever, nay more so as he has greater difficulties to contend with. So far as he can, he sells from accumulated stocks of German goods, for the German importing houses before the war had gathered great stocks, especially in Chile. Where this resource fails, he repairs his stock by buying anywhere. Up to April 1917 he bought largely in New York. Now he buys where he can and what he can—American goods, French goods, British goods—anything to hold the market until the ocean shall be free once more to German keels carrying German goods.

From the Argentine Republic 6000 young Englishmen came home to serve Britain on the fields of France. The young German would have found difficulty in getting home, even had he wished to do so; so for the most part he stayed in the River Plate. Other Germans have been released from military service and sent out as commercial travellers; for the German Government regards this too as National War Service. Thus today there are three German commercial men in the River Plate to one Englishman. The resources and confidence of the German traders are surprising. They have bought great quantities of wool in the River Plate—not so much indeed as is generally supposed; for German emissaries, in order to force up the price of wool to the Allies, have methodically made specious but fictitious offers of high prices to sheep-farmers all over the Argentine Republic. Yet, even so, German traders hold large quantities both of wool and of grain. These have been purchased partly for selling at enhanced prices on the spot, but principally with a view to after-war trade and the supply of raw materials to Germany. These purchases are proof of firm belief in the future. Moreover, both in Chile and in Argentina the interned German ships await their after-war cargoes for Europe. And when the Chilian or Argentine asks whether the German will be free to use these ships when peace comes, the Englishman cannot reply. The ships are there, proof of Germany's future power to trade.

And the Germans are active not only in trade. They have learnt from British example that the road to business in Latin America is the investment of capital. And, strange as it may seem, the German has peculiar opportunities of investment at the present time. Such limited trade as can be carried on yields great profits. There is difficulty about remitting funds to Germany; and in any case "victory war loans" and other investments in the Fatherland may seem less

attractive than investments in those Latin-American lands which look forward to rapidly expanding prosperity after the war. Accordingly, the German merchant is not only buying raw materials; he is also taking a share in the movement of home manufactures which now offers peculiar opportunities to foreign enterprise. Moreover, German firms in Buenos Aires have invested largely in short loans to the Argentine Government. Besides these private investments, which, like all German activities, have their official side, loans have been repeatedly pressed on the Argentine Government, ostensibly by neutral financiers (first in the United States and afterwards in Spain) but in fact by Germany, evidently for immediate political as well as for ulterior economic objects. These offers have been declined. A German loan openly offered to Uruguay has also been refused.

Obviously, the whole story of German war-efforts in Latin America cannot yet be told. Enough has been said to indicate the character and the intensity of those efforts. For this far western front Germany has mobilised a business army, specially trained for the nature of the country and for the kind of operations wherein it is to be engaged. These efforts and aspirations are best illustrated by a recent utterance from the Hamburg branch of the League for Germanism abroad:—"We should like to insist that South America, the main field of our activity for many years past, constitutes a great sphere. Wide areas, with great possibilities of development, but little cultivated hitherto, are waiting to be opened up. It must be our business to employ here all our strength in order to retain and to make useful to ourselves these countries with their markets and raw materials. What we have to do is to *arm for the Peace* and to collect money, in order to be able immediately to act with energy—with our whole strength and with adequate resources."



In this "arming for the Peace" there is one weapon which demands special mention, namely the influencing of opinion by printed propaganda.

The German mobilisation of the Press is a vast business controlled by the State. Upon the outbreak of war this organisation undertook the special work of war propaganda through two newly formed departments: (1) Press Office for influencing neutrals, (2) News Service for Spanish- and Portuguese-speaking countries. This institution of a special Ibero-American service proves the prominence given to the work in the Spanish- and Portuguese-speaking lands.

The last words obviously include the Peninsula as well as Latin America. Nor can the propaganda carried on in Spain be dissociated from that in Spanish America. "Spain is the way to South America," writes a Spaniard discussing this very point. The popular illustrated Spanish prints *A.B.C.* and *Blanco y Negro*, which carry on a vehement Germanophil propaganda, are carefully perused, as coming from "home," by Spanish emigrants throughout Latin America, who thus become, half unwittingly, disseminators of German views and of belief in German victory.

For the first object of this propaganda is to represent Germany as invincible in war. This military propaganda is an essential part of economic efforts. The Germans hold up a picture of German sagacity, system, thoroughness, efficiency. They desire to impress as well as to persuade. They know the effect produced by their victory in 1870. Credit and confidence are the greatest of commercial assets; and in this case economic credit is to rest upon belief in military strength.

In South America, as in Spain, the method is to capture the press, and so disseminate German war-news, pro-German articles, photographs and cartoons. But it was not enough to control or inspire existing newspapers. In many capitals the Germans started new journals, printed in the vernacular. Naturally, the chief effort was made in Buenos Aires. Early in the war, a German organ, *La Unión*, was founded, in order that the Porteño, as he walked the street or travelled by train or tramway, might have the German case daily and forcibly presented to him. Throughout Latin America, a dozen or more of newspapers have been thus founded for propaganda purposes, some of them illustrated by effective cartoons. The strangest examples of this journalistic campaign are two Turkish newspapers, *La Bandera Otomana* of Buenos Aires and *O Otomano* of São Paulo, which urge the cause of the Central Powers among Orientals in those countries. Besides these purely German efforts, a host of newspapers, many of them the local journals of country towns, serve the German cause throughout Latin America, the newspaper offices sometimes acting as distributing agencies for periodicals printed in Germany in the Spanish tongue.

For, besides German and Germanophil periodicals published in America, others are produced in Germany for circulation in those countries. The number and the excellent quality of these Spanish productions of the German printing-press are remarkable. *La Revista de la Exportación Alemana* is a most effective organ for German business, exhibiting side by side, in pictures and letter-press, triumphs in the field and triumphs of industry. The monthly *Mensajero de Ultramar* and the weekly *Heraldo de Hamburgo* have been already mentioned. Hamburg also

produces the well-known weekly picture-paper, *Welt in Bild*, with letter-press in twelve languages. These well-written and well-printed newspapers are widely circulated in Latin America in order to uphold the German cause.

In addition to these permanent publications, special war periodicals are issued, every one of them a German trumpet. Not least of these is the comic paper *La Guasa Internacional*, which holds up the Allies to ridicule and abhorrence in cartoons, squibs and sketches. A diary of the war with a review of political and military movements is given in the illustrated monthly *Crónica de la Guerra*. Another chronicle is *La Guerra Europea Mirada por un Sud-Americano*, a piece of war propaganda written by a Latin-American soldier, Señor Guerrero, who was, until recently, Peruvian military attaché at Berlin. But perhaps the most effective of these war periodicals is *La Gran Guerra en cuadros*, which presents, in a series of pictures, the war as meant to be seen by neutral eyes. All these periodicals attribute economic blunders and financial errors or weakness to the Allies, sometimes making adroit use of British or French self-criticisms: on the other hand, they magnify German economic strength and organisation. This main object appears in an article on "After-war commercial relations between Spanish America and Europe" published in *El Mensajero de Ultramar*, which argues that Germany will suffer least of all the belligerents from the effects of the war; and that afterwards she will be the best purchaser and also the most capable provider for Latin America. Such is the reiterated refrain of a host of periodical publications.

In addition to periodicals, Germany pours over the Spanish-and Portuguese-speaking world a constant inundation of fly-leaves, photographs, pamphlets, books and miscellaneous war literature, preaching German strength, efficiency, humanity, and even the democratic character of German institutions.

What is the result? Has German propaganda succeeded in moulding Latin-American opinion concerning the war? Opinion in those countries has been moved by an argument more potent than all the German propaganda, and that is the German submarine. The German offers to South America with one hand persuasive self-eulogies, while with the other hand he sinks her unarmed trading ships and drowns her sailors. Unrestricted submarine warfare and the barring of zones to navigation have drawn Brazil, by successive steps, into active belligerency, and have done much to bring about rupture of relations and declarations of war by other Latin-American republics. Yet it would be a mistake to conclude that German propaganda has entirely failed. The Germans certainly think it worth while to continue it. The pavements of Buenos Aires are

sometimes ankle-deep with pro-neutrality and anti-ally leaflets. But it is principally through the persistent and reiterated voice of the newspaper press, aided by the unremitting personal efforts of every German and every friend of Germany, that she wages this secondary warfare, this strategy of moral influence, which mobilises public opinion, diffuses impressions, colours events, creates an atmosphere.

A circular was lately issued to the German League in Chile urging that, if propaganda could delay the severance of diplomatic relations between Chile and Germany, even for a few weeks, it would help Germany and her allies to an extent of several millions, and cause damage to her enemies to the same amount. As the situation becomes more critical for Germany, her propaganda redoubles in intensity. "Public opinion," says Napoleon, "is a force invisible, mysterious, irresistible." The Germans recognise that force, and have done all that was in their power to sway it to their side. German persuasiveness has not wholly failed. But in this war of words one decisive word has yet to be spoken, and that word is Victory.

Yet military victory is not the final word in the economic struggle nor in the propaganda used in its support. The German South American Institute urgently emphasises the need of a more thorough and more stable system of German news supply: and official steps are now being taken in Germany to consolidate and extend such a system, in order to provide a permanent support of German influence in the future. The present aim of her propaganda is not only to exhibit victories, but to prepare for possible defeat, while representing Germany as morally invincible and as able, in any event, not only to hold her own, but to extend and strengthen her position.

CHAPTER IV

THE RECOGNITION OF LATIN AMERICA

It has been necessary to speak at some length of the direction taken by German activities with regard to Latin America. In order to preserve due perspective, something should be said about activities on the part of others. For the German has no monopoly of intelligence and energy in these matters. Indeed, the methods of the various German Leagues for Latin America mentioned in the second chapter were prompted, in part at least, by observation of what was being done elsewhere, particularly in France and the United States: for all these matters are carefully watched in Germany, and are described in minute detail in the publications of those leagues.

An American historian remarks that Europe and the United States have lately re-discovered Latin America; and a German observer describes South America as the Fair Helen of the business world—her charms admired and her favours sought by all industrial nations. These epigrams point to a comparatively recent movement, which might be described as the Recognition of Latin America. This is not a sudden new departure, for relations between those countries and Europe have been continuous. But, in the past, there has been much indifference and ignorance regarding these matters, except among those directly concerned in them. In recent years a fresh spirit has arisen, an enlivened interest and a desire for better knowledge and more cordial intercourse. The movement is natural and spontaneous rather than official. It owes little—at all events in Europe—to governments and chanceries, although these recognise its value and give it their countenance.

It was pointed out above that French thought and French example have always exercised a profound influence on the Latin-American republics. Until recently, this influence made itself felt without much conscious observation or deliberate activity on the part of Frenchmen. Indeed, there was sometimes a disposition, which was not unknown in England also, to view the Latin-American in a satirical light. A changed attitude in France—a desire for cordial and equal intercourse—took definite shape in the formation of the Comité France-Amérique in 1906 under the presidency of M. Gabriel Hanotaux. The objects of

this society are to develop economic, intellectual and artistic relations between France and the nations of the New World, to attract students and travellers to France from the two Americas and welcome them cordially, to encourage every means of making France and America known to one another. The society soon numbered over 1000 members, and proceeded to found branches in Latin-American capitals, as well as in the United States and Canada. It publishes a monthly review entitled *France-Amérique*, dealing with every branch of life in the two Americas, and has formed a sub-section known as Ligue française de propagande, to spread in America a knowledge of French education and art, as well as French industrial products. The society has published a number of books concerning the history and present conditions of American countries.

The same year, 1906, saw the foundation of the Groupement des Universités et grandes Écoles de France pour les relations avec l'Amérique Latine. This academic association, though it does not ignore the business side of foreign relations, is naturally more concerned with educational and intellectual matters. Its activities appear in the visits of French professors and lecturers to Latin-American capitals, the reception of Latin-American students in France, the study of Spanish-American history, literature and archaeology in French Universities, and in one apparently trivial but very practical detail—the reduction by one half of French Steamship Companies' fares to Latin-American students visiting France.

The economic side of this French movement appears in the institution of a "Latin-American week," a kind of festival for propaganda and intercourse, to be celebrated annually in some great business centre of France. The inaugural seven days' meeting was held at Lyons in December 1916. Sixty Latin-American delegates were present, and were met by 200 French delegates from Paris, among them leading men representing every side of French life. The conference discussed every aspect of the relations between France and Latin America, and the means of extending and improving those relations.

The cordiality of intercourse finds its most pleasant manifestation in the frequent visits to South America of distinguished Frenchmen—among them have been Anatole France and Clemenceau—who carry messages of sympathy across the Atlantic to crowded and enthusiastic gatherings in Latin-American cities.

In the United States this double movement, intellectual and economic, is still more marked. Latin-American history and economics are regularly taught in the universities, and prizes are provided for essays on historical works on those

lands. Harvard University has a special endowment for Latin-American studies, an Instructor in Latin-American history and a South American Library of 10,000 volumes; and the University, in order to encourage the entry of Latin-American students, dispenses with the use of the English language in the Entrance Examination in certain cases. The Jesuit traveller, Father Zahm, better known by his pen-name of Mozans, has presented his South American library to Notre Dame University, Indiana. The Rector of the Leland Stanford Junior University places at the disposal of the University his library of 7000 volumes on Brazil. Scholarships are granted in the Universities to Latin-American women students. In the year 1913, Latin-American students in American universities numbered 813. American scientific missions are at work in Latin America, as well as missions of teachers to study educational methods in those lands and to invite return visits to the United States. One hears, moreover, of a Spanish-American Athenæum at Washington, 2000 institutions teaching the Spanish language, 1700 clubs formed for the study of Latin America, new magazines dealing exclusively with those regions, Argentine men of letters received with an honoured public welcome, an Inter-American Round Table, founded by representative ladies of New York, who propose to hold annual meetings of women, to take place successively in the capitals of the American Republics.

This educational and social movement accompanies and supports a great business effort directed towards Latin America. The latter has an obvious bearing on the subject of Pan-Americanism, which is treated in a later chapter: but it is convenient to indicate the facts here, as forming part of a general movement of approach by other peoples towards Latin America. The American business effort assumed concrete form at the beginning of the war, when the United States Government invited the Finance Ministers and leading bankers of all the American Republics to a Financial conference at Washington. All but Mexico and Haiti accepted. The conference met in March 1915. A committee was appointed for each republic, and their reports were submitted to a joint committee. The decisions so reached were unanimously accepted by the whole conference. They recommended a standard gold coin for the whole of America, also unification of regulations concerning classification of merchandise, customs, consular certificates and invoices, trade marks and kindred matters. Questions of banking facilities, transport and credit were also discussed.

Furthermore, it was decided to institute an International High Commission, which should continue permanently the work of the conference, sitting in rotation in the capitals of the several republics. This commission met first in

Buenos Aires in April 1916, and decided to create a Central Executive Council to consist of three members, namely the chairman, vice-chairman and secretary of the section representing whatever country should be at the time the headquarters of the High Commission. On the motion of Argentina it was unanimously agreed that the headquarters for the first year should be Washington. Thus the first Central Executive Council consisted of three North Americans, the three heads of the United States section of the International High Commission.

During the last three years, North American capital has been poured into Latin America, notably into Brazil, although perhaps the most striking instance is the acquisition of three huge and profitable mining properties in Chile, producing copper and iron. American commissioners are studying the field; direct steamship communication between the two continents has been extended; and American banks have been opened in many South American cities. It is remarkable how large a space is given day by day to Latin America in the Daily Commerce Report and List of Trade Opportunities published by the United States Bureau of Foreign and Domestic Commerce. Meanwhile the Pan-American Union, housed in a magnificent palace at Washington, labours unceasingly to draw closer the political, economic, social, and intellectual relations.

But in other directions, indeed in all directions, Latin-American economic and international relations are opening out and finding new roads. Canada has earned a high reputation by her industrial enterprises, and Canadian banks are being established in South American capitals. The Dutch too are opening banks and preparing to extend their trade. Japan, also, is drawing closer to this new Europe of the western hemisphere. Japanese immigration is increasing, not only to the republics of the Pacific coast, but also to Southern Brazil. The Japanese steamship service to the west coast has been extended, and lines of Japanese ships are now running, also, to Buenos Aires and Rio. Industrial Japan aims at substituting for German trade the production of goods formerly imported from Germany, and Japanese pioneers are travelling in South America to study and prepare the ground. Japanese relations with Chile are particularly close and friendly. Chile can supply iron and copper, which Japan wants; and in return Chile is prepared to take Japanese cotton and silk. Kaolin or china clay was lately discovered in Chile: a specimen was sent to Japan for trial; and, as a result, a china factory has been started in Chile, the skilled labour being provided by Japanese artisans. Truly, the whole world is drawing nearer to South America.

What of the British position? The British "re-discovered" Latin America more than a century ago. England, as well as France, was the school of Miranda and Bolívar. England provided the sinews of war for the emancipation of these lands, and the British legion which served under Bolívar was saluted by him, on the battle-field, as *Salvadores de mi patria*. South America honours the name of Cochrane among the heroic figures which stand upon the threshold of independence: nor has she forgotten how Canning's generous statesmanship helped her to secure the fruits of victory. One may read, in great part, the history of the struggle for independence in Memoirs written by Englishmen who took part in it. And in succeeding years the British held in those countries a peculiar position of gratitude and respect. The first Argentine foreign treaty was with Great Britain. Uruguay owes her independence, in part at least, to the intervention of British diplomacy, which was held in equal honour at Buenos Aires and in Rio. The founder of the Pacific Steam Navigation Company was an American, who, failing to find support in his own country, went to England, and there launched his great scheme of maritime trade on the Pacific coast. The same American, William Wheelwright, was the founder of the Argentine railway system, through English capital and enterprise. Over 1000 millions sterling of British capital are invested in Latin America in the form of government loans and corporate enterprises whose capital can be counted, without reckoning private investments, such as ownership of land. Total British investments in the Argentine alone exceed 500 millions sterling. The British created the Chilian nitrate industry, in which Chilian and British ownership are now about equal. Our fathers and grandfathers dared much, risked much, lost much and gained much in Latin America, and have left us an unrivalled reputation for good work and steady integrity. *Palabra de Inglés*, "the word of an Englishman," is still a proverb throughout those countries.

Yet there is truth in the remark of a German author that the British have made no "cultural efforts" in Latin America. They are viewed with respect rather than with an intimate cordiality which they have not sought. It has been said that an Argentine takes off his hat to an Englishman, but tucks his arm in that of a Frenchman. This absence of deliberate effort does not mean the absence of moral influence. An official of the Pan-American Union remarked to the present writer that the English had done a "wonderful work" in Argentina by introducing and spreading the game of football, which had taught lessons of fair play, voluntary disciplined combination and good humour in defeat. The Boy Scout movement has taken root throughout Latin America, holding up everywhere in the spirit of its work and in local Scout papers a high standard of honour, truthfulness and

conduct. These are some examples of a widespread influence exerted by certain sides of English life and character. Yet a certain atmosphere of aloofness still envelopes the British in Latin America, and this attitude is reflected in England. The languages and the history of those lands have not received their due in our schools and colleges. It has been comparatively rare to find in this country a keen and well-informed interest in matters wherein our own people have had a far greater share than our neighbours on the European continent or in the United States. What is wanting is a breath of enthusiasm for a most picturesque past, a present situation of absorbing interest, and the prospect of a future which promises boundless possibilities.

Yet the movement of recognition is making way among us. The number of descriptive books published in recent years concerning those countries points to a reviving interest. Our schools are providing Spanish classes: our universities are founding professorships or lectureships in the Spanish and Portuguese languages, and the study of Latin-American history is finding admission to its due academic place. We are beginning to perceive that the life of those countries touches us closely, and that some knowledge and thoughtful interest concerning them should be part of the mental equipment of an educated Englishman. Moreover, the recent establishment of an Anglo-Spanish Society and also of an Anglo-Portuguese and Brazilian Society indicates a growing disposition for sympathetic and reasonable intercourse with the peoples of the Ibero-American lands.

It would be out of place here to talk of this or that defect in British business methods or to suggest possible amendments. Such matters may be left to business men. Mr Herbert Gibson, in the fascinating address which he lately gave in King's College, London, sets the matter on a higher plane. "I do not think," he says, "it is so much a question of this or that system of weights and measures, or of the insularity of our classes of goods, as a question of a more intimate and sympathetic understanding between the peoples themselves. Trade can no doubt go on without such an understanding; but, where it exists, commercial as well as political, social and intellectual relations are strengthened. It seems to me that where our relations with South America have weakened or at least where they have not progressively increased, is in that man-to-man understanding and sympathy that opened the doors of all South America to our grandfathers."

CHAPTER V

EFFECTS OF THE WAR ON THE REPUBLICS

El país de mañana, "the Country of Tomorrow." One may hear the proverb any day on the lips of Spaniard or Spanish-American in whimsical self-criticism concerning his own ways and those of his people and country. But the word applies in another sense to the Spanish-American republics. They are the countries of tomorrow, the lands of the future, the lands of promise, this score of Latin-American republics; for they are twenty in number. Owing to want of space and the comprehensive character of our subject, I have been obliged to speak of Latin America as a whole. This is not inappropriate, for Latin America does form a world in itself, as all Latin-Americans feel, and indicate in their intercourse with one another. Thus, one may quite rightly speak of Latin America as a whole, just as one used to speak of Europe as a whole. But this western world, which sprang from the Iberian Peninsula, is a group of twenty republics differing from one another in situation and character and, to some degree also, in ethnology and manner of language. These countries extend through every habitable latitude, and most of the republics contain within their own borders every habitable altitude. Their products are boundless, both in abundance and in variety, and these products might be multiplied indefinitely. Name any one of the republics, and you are naming a symbol of wealth, of existing wealth, and still more, of manifold future wealth.

Gast's pamphlet, summarised in the second chapter, speaks of eighty million people "reaching upward and now setting their feet on the first steps of their life-journey." The expression may seem a little inappropriate and, at first sight, even a little derogatory. But it is true: and, on reflection, no South American need feel hurt at this description, which is in fact a justification of the past history and present position of his country. These countries are young. They have known the turbulence of youth. Now they are pushing their way, vigorously enough, towards maturity and clearly developed form. The fact was distinctly stated by a Brazilian, lecturing lately in King's College, London, who said: "The Nineteenth Century was the age of experiment; the Twentieth Century will be the age of fulfilment." These countries still require interpretation to Europe. Hampered at their first start, at the epoch of emancipation, by the exhausting and confusing

character of that long struggle, by want of political experience, by the ignorance of the masses and, in some parts, by ethnological difficulties, they were obliged to spend a generation or two in clearing up the aftermath of that revolution; and in most cases their political constitutions (although in form they are models of constitutional law) are in their actual working only now emerging from the stage of experiment, sometimes confused and shifting experiments, sometimes rough-and-ready expedients. For example, in the Argentine Confederation and also in the United States of Brazil, the relations between the Federal Government and the Governments of the States have not attained that regular equilibrium which prevails in the United States, an equilibrium which was there only procured at the cost of a tremendous civil war. In most of the republics the relations between the Executive and the Legislature have scarcely reached a stable adjustment. We should remember that Brazil only shook off the monarchical form of government in 1889, and that it was some years before that revolution was really completed. Again, in the republic best known to England, the Argentine Confederation, the multifarious and cosmopolitan mixture of immigration from all the Mediterranean lands has hardly yet coalesced to form a definite national type. The origin of these states, though superficially resembling that of the United States, was in fact fundamentally different. For every one of the thirteen British colonies of North America was, in a sense, grown up and a developed entity at the moment of emancipation, since they had all possessed local parliamentary constitutions of the British type from the beginning of their colonial days. The initial condition of the Latin-American states was much more formless and their early difficulties were much more complex.

Some of these lands show the character of youth in the tendency to imitation, the adoption of French and especially of Parisian ways, not realising how much better is a genuine native development than the imitation of even the best models. Another symptom of youth is the lavish and sometimes ostentatious spending of money. If the Spanish-American has money, he spends it like a schoolboy, and he likes a splash for his money. Another sign of youth is the rather exaggerated national or civic *amour-propre*, a lively touchiness concerning outside criticism—a sentiment which inclines one to be rather diffident and apologetic even about making such remarks as these. This is a local, not a racial characteristic in the South American, for the Spaniard is even more proudly indifferent than the Englishman concerning what the foreigner thinks.

These young states have hitherto acquiesced in their economic dependence upon

Europe. European immigration (at least on the east coast), Government loans raised in Europe, provision of public utilities by European capital, importation of almost all manufactured articles from abroad—these have been to most South Americans the accepted conditions of life. Thus, all these republics felt a sharp and instant shock at the outbreak of the European war. The economic equilibrium was upset, and the machine ceased to work. The stream of European capital suddenly dried up: so also the stream of immigration. Indeed, the supply of labour in the Atlantic States, especially in the River Plate, dropped below the normal after Italy joined the Allies. Scarcity of shipping, together with the diversion to war purposes of all European energies, diminished the exportation from South America of all commodities not absolutely needed by the Allies for the prosecution of the war. Imports from Europe were restricted. Germany, which had ranked third among outside nations trading with the continent, dropped out altogether, with the exception of the devious and struggling efforts already noted. To the nations of South America what had seemed the natural and regular order of things was suddenly suspended. They were thrown upon their own resources; they were compelled to take stock of their position and to face an unprecedented situation. They must manage their finances without European help; they must provide their own labour. As to things hitherto imported from Europe, they must either provide these things themselves or go without. The shock was severe, but it must be allowed to have been a wholesome shock. It has stopped public over-borrowing and has put some check on extravagance of public spending. It has favoured private thrift and has compelled those who were perhaps over light-hearted and materialistic to take life more seriously. The Argentine family, which formerly provided separate motor-cars for father, mother and each son and daughter, has now to be content with one or none. The luxurious trip to Paris or London, with its corollary of mountainous shopping, is abandoned, and a more modest holiday is spent at the seaside or in the mountains at home. The daily story, flashed along the cables from Europe, of strife, of heroism, of self-sacrifice, conduces to reflection and grave judgment. Finally, the meaning of the struggle has been now brought home to every South American people. Every one of them is closely touched by the recent developments of maritime warfare. Every one is forced to come to a decision. Whatever that decision may be, whether it be for open war, or limited participation, or rupture of relations, or complete neutrality, that decision is expectantly watched by the whole world and adds its weight in the balance of the great trial. The effect must be a graver sense of national responsibility, a more sober consciousness of national dignity.

The economic recovery, which followed the first shock, favoured this national consolidation and development. Imports diminished, whereas the urgent demand of the Allies for foodstuffs and raw materials soon produced, in most of the states, a great expansion in the value, if not in the volume of exports. Hence a favourable trade balance and an increase in wealth. These conditions encouraged that movement of industrial enterprise which everywhere sought to supply, by the exploitation of home products and by the development of home manufactures, the needs which had been hitherto supplied by importation from abroad. Examples, taken mostly from the A.B.C. countries, will best illustrate this industrial movement, which has been one of the most notable effects of the war.

Argentina felt deeply the shock of August 1914. The outbreak of war fell like a bomb in the midst of a serious financial depression, due to speculation, extravagance and over-borrowing. The trouble was intensified by drought and by two bad harvests, and more recently by widespread strikes accompanied by destructive violence. But the crisis has compelled the Argentines to rely upon themselves, to restrict extravagances and to push forward the industrial development of their own resources. Thus, the diminution in the supply of English coal has led to the search for native coal, to the use of native petroleum and native fire-wood. Lessened timber imports mean the exploitation of native forests. A considerable quantity of native wool is now spun and woven in the country, and home manufacture generally is increasing. Thus the country is richer and more industrious than ever before. It is true that this wholesome recovery is not yet reflected in the national finances, which are still disordered by extravagance, over-borrowing, improvident budgets, and now by the diminished receipts from customs. However, one very interesting event deserves special mention—the credit or loan granted by the Argentine Government to the Allies for the purchase of the present harvest. Since Argentine Government loans are mostly held in Western Europe, the debt can be discharged with equal benefit to both sides, by simply taking over the obligations of the Argentine Government on this side of the Atlantic. Even more remarkable is the spontaneous offer made to Great Britain by the Uruguayan Government of a large credit for the purchase of the Uruguayan harvest. Thus, these two debtor nations have actually become creditors to Europe, and are proceeding to gather into national ownership a large part of the national debt. Uruguay is taking another and most striking step towards economic consolidation. She is preparing to avail herself of the growing national wealth and the increased value of the Uruguayan dollar in order to buy up enterprises owned by foreigners within her territory, particularly the railways,

which are mostly in British hands. It may here be noted that this economic movement in Uruguay coincides with a radical and democratic reform of the constitution, a nearer intimacy with her Latin neighbours, an approach to the United States, and also closer relations with Europe through the abandonment of neutrality and the signature of unconditional treaties of arbitration with France and Great Britain.

In Brazil, the economic recovery, the industrial development and the general movement of national consolidation are very notable. For the entry of Brazil into the war has added a tone of effort, of serious determination, of grave responsibility to this combined movement. At the outbreak of war the great diminution in the export of coffee, which had constituted nearly half of the total exports from Brazil, hit the country very hard. But the energetic exploitation of other resources, together with a partial resumption of coffee exports, has made good the national loss. The Allies wanted rubber and manganese, which Brazil can supply. The Allies wanted foodstuffs; and Brazil has become, with almost incredible rapidity, an exporter of meat and of vegetable foods. Coal ceased to come from Europe. The result has been that Brazil is striving to supply her own needs by working her southern coal seams, although at the present time want of transport is a serious obstacle to these efforts. Manufactures of all kinds are increasing. Brazilian cotton particularly is now largely woven at home, and this textile industry alone now employs about 100,000 persons. Brazil is also taking more and more into her own hands her coastal and river navigation, and is extending her shipping lines to foreign ports. The result of this industrial and commercial revival has been that, notwithstanding the decrease in the matter of coffee, Brazilian exports now outstrip their pre-war value, and they represent a far more wholesome and more promising distribution of the national resources, since there is no longer an overwhelming preponderance of one commodity raised in one state. Moreover, notwithstanding the burdens of participation in the war, Brazil has achieved by means of careful economy and retrenchment, a wholesome reorganisation of the Federal finances. The war has not prevented the punctual resumption, on the promised date, of cash payment of interest on the foreign debt. The country presents a wholesome aspect of national efficiency and national dignity.

It may be added here that the industrial movement in Brazil has been greatly aided by the investment of North American capital, particularly in meat-freezing establishments. It is perhaps premature to think of Brazil, with her vast and undeveloped pastoral, agricultural and forestal possibilities, as an industrial

country. But the possession of large deposits of iron indicates great industrial possibilities in the future. One difficulty, the soft character of Brazilian coal, may possibly be overcome, whether by import of fuel or by the adaptation of mechanical appliances.

Chile, like her neighbours, felt the first shock. Germany, the principal purchaser of nitrates, was cut off; and the republic found by sudden experience, how dangerous and unsound was the system whereby the national finances depended largely on export duties levied upon one commodity. The administration rose to the necessities of the case: taxation was distributed upon a more scientific and normal basis, and very soon the war situation began to pour wealth into the lap of the republic. Nitrate, needed by the Allies for munitions, reached its highest price and its maximum production. Copper—now perhaps the most precious of metals—followed the same course. After-war conditions, particularly in regard to nitrate, are impossible to foresee. But Chile has had her lesson, not to depend on the continuance of what may be accidental conditions and not to build on the foundation of the market in one commodity. "The war," says a representative Chilean, "has brought us a certain prosperity and also something that is worth more than prosperity—common sense."

The industrial movement, which has been noted elsewhere, is being actively pushed forward in Chile, where indeed it dates from a time long before the war; for in Chile local manufactures are favoured by local conditions, namely, remoteness from Europe, a sturdy population, the possession of coal and metals, and, also, a very distinct and compact national character and national ambition, which owe little to recent European immigration. In 1914—just before the war—Chile possessed nearly 8000 factories employing about 90,000 persons. It has often been questioned whether Chile, with a population of less than four millions and a fertile territory largely undeveloped, did wisely to encourage this industrial movement. The war has answered that question. Chilean coal now mainly supplies Chilean needs; and, owing to careful treatment and selection, the results have surpassed expectation. The number of factories is growing; and in view of freight difficulties, there is a movement towards exporting mineral products in a semi-manufactured state.

As to the other republics, the immediate economic effects of the war vary with the character of exports, whether needed by the Allies for war purposes or not. The high prices of copper, sugar, and cotton have brought to Peru a stream of wealth, and have enabled the government to make a very interesting experiment in the scientific taxation of excess war-profits made by exportation. Exports are

untaxed until they reach a certain height above normal price. Any addition to that limit is taxed in a progressive ratio.

Not only have war conditions favoured a more clearly defined national development, both economic and political, in each of the states. These conditions also conduce to closer and more real intercourse between the Latin-American states. There has been on the one hand a national consolidation in each republic: but there has also been a movement towards international consolidation in the Latin-American world. The war has drawn these republics closer together and has taught them to feel their need of one another, to supply one another's needs and to recognise a nearer community of social and political interests. The sentiment of *Americanismo* is more than a sentiment: it is growing into a solid fact. Apart from the war, there are many indications of a kindlier and more intimate intercourse. The Universities of Argentina, Chile and Uruguay exchange professors. Brazil and Uruguay agree concerning navigation of the Lago de Merim and the river Jaguarão; and also arrange a seasonal migration of labourers, who work from April to September on the São Paulo coffee estates and pass the other half-year working on Uruguayan estancias. The same two republics adjust a financial matter through the foundation of a joint Brazilian-Uruguayan agricultural college. Uruguay has declared that an injury to any South American country is an injury to them all. Envoys from the neighbour-republics visit Bolivia to salute the newly-elected Bolivian President, among them an envoy from the United States. Junior embassies, hardly less interesting in character, are the visits of boy scouts from capital to capital. The five tropical republics which hail Bolívar as Liberator lately clasped hands in a joint celebration of his memory, and at the same time concluded a commercial agreement concerning trade marks and similar matters. The study of history, now actively pursued by competent scholars in all the republics, is a unifying as well as a humanising power: for the student who explores or writes the early history of his own republic necessarily treats the history of all Latin America. The history of the struggle for South American emancipation is a single epic. And a pleasing symbol of this historical unity is to be seen in the portrait of the Argentine commander San Martín and of the Venezuelan Bolívar imprinted on the postage stamps of Peru. The railroad helps this movement. The trans-Andine railway is a link of peaceful intercourse between Chile and Argentina. A direct mail train service has been established between Rio and Montevideo and also between Rio and Buenos Aires. There is a prospect that the last difficult link to connect the railway systems of Bolivia and Argentina will soon be supplied. This is an imperfect and rather haphazard list of symptoms of a natural and tranquil

movement towards international unity, which accompanies and supplements a more vigorous economic and political development within the several states. The war situation has favoured this movement. The interruption or diminution of trade with Europe has led these states to trade more with one another. At first, this trade consisted largely in the interchange of accumulated European goods: but it soon grew into something more regular and more permanent, the interchange of home products. Argentina recently got a consignment of coal from Chile—in itself a small matter, but a significant one. Brazilian coal has also found its way to Buenos Aires, and trade between these two republics is increasing.

Both Brazil and Chile are aiming at the national and internal development of their mercantile marine and coasting trade. But the first use which Brazil made of the sequestered German ships was the opening of a Brazilian steamship line to Chile. The action of Chile is still more noticeable. A law has just passed the Chilean Congress that after the lapse of ten years the Chilean coastwise trade shall be confined to Chilean ships. But the Chilean President may at his discretion extend this privilege, by way of reciprocity, to the merchant-ships of other Latin-American countries—a clear recognition of the fact that these republics form a community of nations in themselves. Thus the two movements are complementary: internal development is more and more a national affair: the development of inter-state relations is felt to be a necessary part of the national development, and more and more to concern all the states: it is also felt to concern these people not only as Brazilians or Argentines or Colombians, but as Americanos. In dwelling on this point, there is probably no danger of giving rise to geographical confusion. A Colombian visitor, lecturing lately in King's College, remarked that, if a British merchant is invited to do business with Colombia, he usually replies, "We have our agent for South America in Buenos Aires," ignoring the fact that, if a Colombian merchant by any rare chance should have occasion to visit Buenos Aires, he would probably pass through London on the way. The trade of all these states with one another is naturally immensely less than with Europe or with the United States, for the simple reason that they are all producers of raw materials and importers of manufactured goods, whereas the European lands, and now the United States also, are importers of raw materials and exporters of manufactured goods. But that very circumstance illustrates the fact that these countries are a cluster of similar organisms. They sit back to back and face outwards: yet as each one grows and expands, they all become conscious that they are sitting close, shoulder to shoulder. They are beginning to touch hands and to pass their good things, both

abstract and material, from one to another. Things are changed since the names of Brazilian and Argentine were almost mutual bugbears and since Chile and Argentina seemed to be chronically "spoiling for a fight." The figure of Christ, which stands on the boundary between these two nations, symbolises a truth—a reality all the more valuable inasmuch as it is in part intangible, a product of the realm of ideas, not merely of the material world. The fault of these countries and an unfortunate result of their business connexion with Europe has been that, however prolific in rhetoric, they have been at bottom too materialistic and have been apt to suppose that the convenient appurtenances of civilisation—railways, telephones, tramways, motor-cars, all provided by the foreigner—in themselves constitute civilisation, not quite realising that the word means the faculty of living in organised communities. It is an admirable thing if they can find an ideal, transcending their own borders, in the sentiment or principle or fact of Americanismo: for that word does represent a fact. An Englishman or a Frenchman, if asked about his origin, would never think of saying, "I am a European"; but from the lips of an Argentine or a Colombian the words *Soy Americano* fall quite naturally, with the addition *Colombiano* or *Argentino*. I have heard a South American speak in conversation of *La América Nuestra*, "Our America," when he had occasion to distinguish Latin America from the United States. The word was casually dropped for purposes of definition: yet it is an inspiring and significant phrase, *América Nuestra*. Which of us could now so speak of "Our Europe"?

The war has favoured this spirit of Americanism in a tangible way through the growth of economic intercourse. On a higher and broader plane, the same thing is happening. We saw this when Brazil severed relations with Germany. Her announcement, communicated to her neighbour-republics, was received with a kind of demonstration of Latin-American solidarity. Almost every Latin-American state responded in terms of warm appreciation and sympathy. The Argentine Government wrote that it "appreciated thoroughly the attitude of Brazil, which was justified by principles of universal public right, and expressed to Brazil the most sincere sentiments of confraternity."

As the *Americano* looks across the Atlantic, he may congratulate himself, not without a feeling of civic pride, that he belongs to another world, a system of republics living at peace with one another. A century ago Canning boasted, "I have called a New World into existence to redress the balance of the Old." It was a prophecy rather than a boast. Now is the time for that New World to fulfil that prophecy by realising itself, by creating itself.

It is no inconsistency to add once more that Latin America is at the same time drawing nearer to all the nations of the world, that its long-standing historic connexion with Europe becomes emphasised and extended. Who could have foretold, even a year ago, that the Republics of Peru and of Uruguay would offer the use of their ports to the warships of belligerent European monarchies, that Brazil, Cuba and Panamá would be represented, as recently happened, at the Allied Conference in Paris, or that a Brazilian squadron would be acting with the British fleet in European waters? It can no longer be said of these states, as was said some years ago, that they stand upon the margin of international life. This closer participation in world affairs does not contradict, but rather confirms and explains, what has been said concerning the growth of *Americanismo*, the consolidation of a younger and distinct Europe across the ocean. As these states become drawn into the general movement of world affairs, they are compelled to define more clearly their own position in a world of their own. One may find some analogy in the British Empire, whose members, as they grow into nations and become severally involved in relations with all other peoples, find it more necessary to reaffirm and to define their relations with one another.

But in speaking of Latin America, one has to draw a line, or rather a note of interrogation, round Mexico. The history of that unfortunate country has been profoundly affected by her geographical position within the North American continent. The path which she has followed in recent years—a path not entirely of her own choosing—seems rather to lead outside the ring-fence of Latin America. It is an interesting speculation whether that path may not eventually lead her into another fold, the fold whose shepherd resides in the White House at Washington, whether that shepherd desires to undertake the responsibility or not.

The present position is an anomalous one. The political frontier of the United States is the Rio Grande, but the geographical frontier of North America is the Isthmus of Panamá, and that geographical frontier has been occupied—merely as an outpost so far—by the United States. The Republics of Nicaragua and of Panamá have been drawn under American tutelage. The question arises whether after the great war the United States may not be led on by the logic of events so to extend the struggle on behalf of democracy against autocracy that the frontier, dividing Latin America from the region under Anglo-Saxon control, shall be the geographical boundary between the two continents. President Wilson indeed has assured the Mexicans, with obvious conviction and sincerity, that no aggression is intended against their territory, and that he desires a common guarantee of all the American republics to protect the "political independence and territorial

integrity" of all. But no statesman can shape the future or absolutely bind his successors. It may be pointed out that there are various degrees and methods of control, some of which may be found not quite incompatible with the spirit of President Wilson's assurances. The precedents of Cuba, Panamá and Nicaragua are suggestive.

This leads us to our last topic. We have discussed *Americanismo*, the sentiment or system which aims at uniting the Latin-American republics. What about Pan-Americanism, the sentiment or system which aims at uniting all the American republics?



CHAPTER VI

PAN-AMERICANISM

The relations of Latin America with the United States are chiefly connected with those tendencies of United States policy which are associated with the name of Monroe. A survey of the Monroe Doctrine would here be out of place: but the main points bearing on the present situation may be indicated. The injunction imposed in 1823 by President Monroe upon European interference in America was intended to meet certain European designs which at that time seemed to endanger the "peace and safety" of the United States. But Monroe's declaration, although its immediate purpose was self-defence, involved a permanent protest against any European aggression in Latin America, and thus set up the United States as self-constituted champion of those countries. Such a position involves a certain superiority of attitude and cannot be very clearly distinguished from protection; and protection is apt to merge by gradual steps, often only half perceived and not deliberately intended, into Protectorate. Thus, the development of the Monroe Doctrine has followed two parallel lines of policy, protection against Europe and national self-assertion. This latter more positive aspect has impressed itself upon the public mind. The advances in the Caribbean region, which have been mentioned in the first chapter, were undertaken not in order to satisfy any doctrine or theory, but to satisfy the irresistible needs of a vigorous growing Power. But since, for a generation past, it has been expected of American statesmen that they should justify their orthodoxy as adherents of this doctrine, these steps towards protectorate or dominion have been explained in a series of public pronouncements as developments or examples of the doctrine. Naturally, therefore, the term "Monroe Doctrine" is popularly understood as connoting an imperial policy, a movement towards supremacy or hegemony.

In any case, the obvious comment on the Monroe Doctrine is that it has indeed protected the American republics from European aggression, but has not protected them from American aggression. It has not protected Peru from Chile nor Mexico and Colombia from the United States. Again, it is a uni-lateral arrangement announced by one Power alone, on the assumption that this action would be taken for granted by the other American republics. This attitude does not entirely commend itself to those states, especially as they grow stronger and

more conscious of their strength. American business men plainly assert that the Monroe Doctrine is bad for business^[4], and warn their countrymen against straining after a fictitious inter-American sentiment—an attitude which "is often a cause for resentment, the more felt because seldom expressed by the courteous Latin^[5]." An article in the Pan-American Bulletin for December 1917 deserves particular attention. It cleaves through the difficulty by declaring, on the authority of Mr Root, that the Monroe Doctrine today means no more than what President Monroe meant a century ago: "The Monroe Doctrine is an assertion of the right of self-defence, that and nothing more. France and Britain are in the field to protect their Monroe Doctrine, the sovereignty and independence of Belgium ... there is nothing here ... in any way derogatory to the full sovereignty and independence of even the smallest of the Latin-American countries. It is true that the first proclamation of the Monroe Doctrine carried with it an implied offer of aid to the newly liberated Spanish-American colonies against proposed aggressions by the Holy Alliance. Self-protection was the motive ... it counts for nothing against a set purpose to defend one's own house that in so doing one performs an act by which one's neighbour is likewise defended." The article concludes by declaring that the Monroe Doctrine still prevails, strictly limited to its original sense, and that Pan-Americanism is an entirely distinct policy, which must not be confused with it.

This re-statement of the Monroe Doctrine in its original terms, this declaration that United States policy is just like that of other nations, was probably prompted by the sense that the later developments of the Monroe Doctrine hindered the economic propaganda which is the main business of the Pan-American Union. But it has been further argued that the great war has exposed the weakness of Monroism, since, in the event of a German victory, nothing but superior force could prevent German invasion and occupation in Canada or in any trans-Atlantic country which might be at war with Germany. The arming of the United States has in some degree answered this objection, which is perhaps as contingent and theoretical as the doctrine itself. But the war has certainly emphasised the fact that emergencies must be met and settled as they arise, and that, since they cannot be foreseen, they cannot be covered by pre-conceived theories. At any rate a sentiment has for some time been gaining force that the inter-American policy of the United States calls for some kind of revision or re-statement; and the solution is sought in "Pan-Americanism."

In seeking a definition of that phrase, European analogies will scarcely help us. The word "Pan-Germanism" usually implies some common action or interest

among all those who speak the German language, and suggests some kind of racial bond or sense of kindred. The word "Pan-Slavism" appears to mean common action or interest among all who speak the Slav tongues, and similarly suggests some ethnological bond of kinship. Obviously Pan-Americanism must mean something quite different, for the American differs from his nearest southern neighbour, the Mexican, more widely than the Norwegian differs from the Greek. Moreover, "Pan-American" is a term of recent origin and still somewhat fluid in its application. It has sometimes been used merely as the equivalent of "European" or "Asiatic"; for the word "American" commonly bears a national sense and there is no convenient and accepted term covering the two Americas. For example, Mr Taft in his Presidential message of 1909 spoke of "our Pan-American policy" much as a British Prime Minister might speak of "our European policy."

Thus, the obvious application of the term is geographical. Yet Americans of authority are fully aware of the need of reservation in this geographical application. In 1909, the Director of the Pan-American Union pointed out, with some mortification, that on the occasion of the Pan-American Congress at Buenos Aires, most of the delegates from the north found that the easiest route from the chief city of North America to the chief city of South America lay through Europe. And an eminent American economist^[6] has lately uttered a warning against geographical misapprehensions, explaining that, whereas the Panamá Canal makes the west coast of South America an extension of the east coast of the United States, nevertheless the bulk of the South American population lives upon the Atlantic coast and prefers its traditional, customary and natural intercourse with Europe.

But in considering the meaning of an incipient and growing force, it would be a mistake to dwell on possible limitations and difficulties; and it would be pedantic and unpractical to demand precise consistency or exact definition. We are rather concerned with aspirations, tendencies and formative ideas. Indeed, it might fairly be argued that these limitations, which are fully realised and avowed in North America, are no argument against the Pan-American movement, but rather an argument in support of it, as being a prudent and wholesome effort to overcome existing obstacles and promote a better understanding between neighbours.

Pan-Americanism may be described as the movement which aims at uniting all the American republics:—one cannot say all the American countries; for in the map printed on the cover of the Pan-American Bulletin, Canada is left blank, as

not forming part of "Pan-America." This omission alone is enough to prove, if proof were needed, that there is something artificial about Pan-Americanism: for obviously a New Yorker is more at home in Toronto or Halifax than in Rio or Buenos Aires; and there is a closer political similarity as well as a closer political bond between Washington and Ottawa than between Washington and Caracas. But, after all, most political combinations are largely artificial: they are products of statesmanship rather than of nature, or at all events they are products of nature assisted by statesmanship. And Pan-Americanism need not be less real or less valuable for being a construction deliberately planned instead of a spontaneous organism. But since the Pan-American movement is artificial, and a matter of policy and management, still rather formless, Americans of both continents differ considerably both as to its meaning and its usefulness, some declaring that it means nothing and is useless or even mischievous, while others regard it as a kind of perfect circle embracing all the future.

Dr Usher, the American historian, dismisses the whole notion, on the ground that the United States and Latin America are utterly unlike, unsympathetic and even antipathetic to one another. Against this conclusion may be quoted two opinions from Chile and from Colombia, the two South American countries which have in the past shown most resentment at North American pretensions. "We want no papa" exclaimed a Chilian public man some years ago: yet in 1910 Señor Echeverría, Chilian consul in London, in a public lecture declared himself a decided believer in the benefits of Pan-Americanism, and as disposed to accept the sincerity of North American pacific and non-aggressive professions: and in the same year Señor Pérez Triana, the Colombian diplomatist, expressed a restrained but decided optimism concerning the benefits to be derived from the Pan-American Congresses, and pointed out that they had already brought about the general acceptance of the principle of arbitration among American Governments. These favourable views have regard to the practical benefits to be found in a certain course of action. The destiny of Pan-Americanism depends on the question whether these practical benefits are strong enough to overcome the barriers of race, language, religion, law, customs and tradition.

The objections based upon these obstacles to union is not quite convincing. Incompatibility of temper is a bar to marriage: it is no bar to a practical and thoroughly friendly business understanding supported by mutual respect and methods of give and take. The tendencies of the age favour large combinations, overstepping the bounds of nationality and sometimes cutting across the lines of kindred and tradition. The challenge of Central Europe has raised up such a

combination in Western Europe, and may help to give birth to a fresh and large grouping of the Powers of the western hemisphere.

The question occurs whether, apart from reasons of practical convenience, any fundamental basis can be found for the union of communities so dissimilar in character and in action. These republics have this at least in common: they have all started life in "new lands"; they are all trans-Atlantic offshoots from European monarchies; they have all thrown off political dependence upon Europe; they have all adopted republican forms of government; and, to whatever extent some of them may avoid democratic or even republican methods, they have all rejected the hereditary principle in government. Moreover, before the present crisis they all cultivated, so far as possible, a certain political aloofness from Europe: and they all aim at pursuing a destiny distinct from and, in their belief, transcending that of Europe through the inexhaustible possibilities offered by a New World.

What success has attended the United States in her recent policy of approaching Latin America? Here we are on delicate ground, and whatever view be expressed is sure to meet with disagreement on the part of qualified judges. It is not easy to keep one's finger on the pulse of South American sentiment, nor can we expect to find unanimity. We can only watch indications and symptoms. In the past, on the whole, the attitude of the United States has been accepted in so far as it implied protection; but it has been warmly resented in so far as it seemed to imply any kind of protectorate. A certain arrogance in the public pretensions of the United States has been felt to be an offence and a menace; and this feeling has been intensified by the bearing of individual Americans. Yet a representative Chilian, Señor Vildósola, writing since the outbreak of the war, says, "The United States was not popular in Chile; her political attitude was rude and overbearing (*une politique brutale*); but in the past ten years this is changed. The Big Stick is relegated to the cellars of the White House. A certain refinement of forms has appeared in the Secretaryship of State, and a deeper knowledge of the peoples of the continent has induced the Government, press and people of the United States to treat Chile and her neighbours with a new respect and consideration." It may here be noted that Chile has lately entered into close economic relations with the United States, through the American acquisition of great mining properties in Chile and through the export of nitrate and copper to North America, largely carried in Chilian government transports.

A representative Brazilian lately remarked to the present writer, "I believe there is no danger at all from the United States" and, referring to the preferential tariff

granted by Brazil to certain imports from the United States, he added, "The Americans admit our coffee free, and we grant this abatement in return. They tax imports of things that they produce, and admit free the things they cannot produce. You English are different. You tax our coffee: you tax things you cannot produce and let in free the things you can produce." There can be no doubt that these close commercial relations and recent large American investments in Brazilian industries conduce to this tentative entente with the United States.

The relations of the A.B.C. countries seem to indicate similar tendencies. It is probable that the main object, which led these three republics to entertain proposals of alliance, was security against possible danger from the United States. As these apprehensions diminished, the proposals were shelved, and the A.B.C. resolved itself into its component alphabet. There was another not less interesting reason for this dissolution: the proposed combination of the stronger South American states was not welcomed by the other republics, which felt that an arrangement of this kind did not favour the union and harmony of the whole continent, even though the professed intention was that it should serve as a nucleus which might gradually win the voluntary adhesion of other republics.

Again, those republics which have been drawn closely under the influence of the United States, threw in their lot with her by declaring war against Germany—a decision which seems to be an act of gratitude, and a recognition that their position of dependence is not felt to be irksome or degrading.

A recent act of the small but sturdy Republic of Uruguay seems to be very significant. After first severing relations with Germany and then rescinding her declaration of neutrality, Uruguay decreed that "No American State, if engaged in a war against a European State in defence of its rights, shall be treated as a belligerent by Uruguay." There is something a little whimsical in this previous sweeping aside of all contingencies, and one may imagine circumstances where the interpretation of this decree might puzzle the legal advisers of the Uruguayan Foreign Office. But the whole-hearted comprehensive intention of the decree is obvious. Uruguay is prepared to go the whole way in the direction of Pan-Americanism, and opens her arms equally to all the republics of both American continents.

The proposal to establish a Pan-American University at Panamá may be worth mentioning here. The suggestion sounds like a product of the tropical spirit of those regions; but it may yet take significant shape.

The United States, before entering the war, had largely increased her trade with Latin America. She succeeded in supplying, in great degree, the gaps left by Germany and Great Britain. Her entry into the war has deprived her of part of that advantage. But, on the other hand, the final decision, the manner in which it was made, and the resolute way in which it is being pursued, have vastly strengthened the moral standing of the United States in the New World. Those Latin-American states which are dependent on her joined her as belligerents. The action of Brazil, though taken independently and inspired more by French than by North American sympathies, followed North American action and cannot be wholly dissociated from it. Most of the Latin-American states, by their attitude towards the war, have as it were mounted guard behind the Allies. But the United States stands embattled in front of her southern neighbours, to fight the monster which threatens them all. The United States now, at last, appears, not merely as the theoretic propounder of a protection which was really ensured by the assent of Great Britain and the strength of the British fleet, but as the active champion in a common cause. This position has been strengthened by President Wilson's solemn disavowals of any aggressive intention. These promises have produced a marked impression in South America.

The war has brought into view another practical reason for a closer inter-American understanding. As long as the United States remained neutral, no other American state, such as Brazil, could have incurred the risk of entering the war. In the past, while South American countries were able to keep apart from European politics, this complication or hindrance was latent and remote. But the period of aloofness is closed, and the American republics are taking their place among the nations of the world. Some kind of permanent entente, some standing arrangement for exchanging views and adjusting policy, would seem to be the best means of obviating any friction or awkwardness between north and south in respect of external relations. Thus a closer understanding with the United States may be regarded as a necessary condition of closer relations with the rest of the world.

Many who know South America well will dissent from the suggestion that the war is helping to mould into some kind of shape the rather shadowy scheme called Pan-Americanism. They will point to the fact that most South Americans would rather have dealings with a European than with a North American and will recall what has been said elsewhere, namely, that the two Americas, both historically and actually, face severally towards Europe and not towards one another. All this is true; yet there are signs that the tendency called Pan-

Americanism, hitherto a rather unsubstantial vision, may become a reality, differing indeed from the picture traced by some North American prophets, but resting upon more solid bases. We have touched upon business relations and the machinery for carrying them on. As to political relations, the growing strength of the greater South American republics counts for much. They feel themselves to be in a position to say, "We do not want your protection; but we value your equal friendship; for we are Americans as well as you. And we are willing to group ourselves together for the preservation and protection of that America which is ours." An equal understanding between equals—provided it is not too formal at first, and is allowed to be moulded by the course of events—would probably meet with a fairly general assent, which might gradually win over those holding aloof at first. Something of the kind seems to be taking form at the present time. The ultimate result may be the formation of a Concert of America, in which the more tranquil and educated elements may guide the whole. President Wilson has suggested some such arrangement, and proposes a combination of American republics as the best security against aggression by one American Power upon another.

From what has been said above, it is obvious that some of the Caribbean lands would enter such a combination as satellites or subject-allies of the United States. Such an arrangement is not unparalleled and does not seem impracticable, since these small states have already entered the war in that capacity. Obviously, Pan-Americanism cannot aim at precise symmetry or theoretical consistency. It must be an elastic system, and must be prepared to meet and overcome difficulties. That is the purpose of its existence. But in general the first condition of a Pan-American combination would seem to be the abandonment of any pretensions to hegemony by any one state. Such pretensions have shattered the Concert of Europe. But America is a younger Europe which may take example—and warning too—from that old Europe which has given her such institutions and such order as she possesses. Thus a New World may indeed arise to redress the balance of the Old.



To the emancipation of Latin America Great Britain and the British contributed more than any other outside nation. In the subsequent development of those countries, Britain has had a large share. In the moral protection afforded to them by the attitude of the United States, the unostentatious and almost tacit support

of Great Britain has counted for much. And those countries are now being drawn nearer to Great Britain and nearer to Europe than ever before. The question now arises:—In the closer grouping of American states now in process of formation, is Great Britain to stand aloof, a sympathetic but silent and inactive spectator? That this question has actually been raised in the United States, is shown by the following quotation from *The Times History of the War* (chapter 222, page 9): "As the *Philadelphia Ledger* put it 'it seemed an absurdity to talk of Pan-Americanism and in the same breath to ignore the fact that one of the greatest of the American Powers is not included in it.' The *New Republic* went further ... 'Pan-Americanism,' it declared, 'is a tripod that cannot stand on two legs for ever. Only a combination of the Latin countries, the United States and Great Britain, that is to say a combination of all the American Powers, can make it a safe and useful organization in the world to-day.'"

There is nothing new in this idea; for Bolívar, with singular magnanimity, invited Great Britain and the Kingdom of the Netherlands to send delegates to the Pan-American Congress which he attempted to assemble at Panamá in 1826: the circumstances of the time precluded an invitation to France. And now that Brazil and Cuba sit at the council-board of the Allies in Paris, a conception, which seemed feasible a century ago to a great imaginative mind, may perhaps not seem so very remote to a practical mind today. For the present epoch has brought home to all Americans of both continents a fact which has long been known to Canadians and Englishmen, namely that the ocean is no estranging gulf between nations. Today it is known that the geographical boundary which divides the peoples into two categories and separates the Old World of force from the New World of reason is not the Atlantic but the Rhine. Thus now, more than ever, does it seem a little incongruous that Washington should deny to Ottawa a community of American interests which is conceded to Caracas, Asunción and La Paz.

Yet the scheme thus adumbrated is not at the present time clearly in sight. The inclusion of Canada would reverse the system which now confines Pan-Americanism to those states which have thrown off all political connexion with Europe together with all monarchical forms. Moreover, new and large combinations must keep within manageable limits. Yet it is significant that a Uruguayan public man, Señor Lopez Lomba, is now vigorously agitating, in Paris and in South America, for the formation of a Pan-Atlantic Union, wherein the three great Atlantic Powers, Britain, France and the United States, are to combine with the Latin-American states, in order to wield with full effect that

economic weapon which is to decide the world conflict. A combination formed for an immediate purpose may well have further and larger results. It is an interesting speculation whether, in some not very remote future, the daughter nations of the Iberian Peninsula may not be drawn into a wide circle of understanding with Britain and her daughter nations. Thus, that grouping of the Latin and the Anglo-Saxon peoples, which has been formed under stress of war, might continue its beneficent working through generations of peace. Portugal and Brazil, Great Britain and the United States stand side by side. Most of the daughter nations of Spain have ranged themselves in the same ranks, beside France, their intellectual foster-mother. Spain may yet re-discover herself and her true place in the comity of nations. At all events it is a great thing to have proved that the line dividing freedom from autocracy does not divide the peoples of the New World from their mother Europe, or preclude the whole of the former from joining any great international league such as the future may have in store for succeeding generations.



LATIN-AMERICAN REPUBLICS

DATES OF INDEPENDENCE

The struggle of the Latin-American States for independence, viewed as a whole, extended from 1810 to 1824 and was marked by many vicissitudes. Buenos Aires, with most of the Argentine Provinces, practically achieved independence in 1810, but did not formally proclaim it till 1816. Paraguay detached herself both from Spain and from the Argentine Provinces in 1811. Spanish authority was overthrown in Montevideo in 1814; but it was not until 1828 that that city was recognised as capital of an independent Republic, now known as the Republic of Uruguay. Chile practically achieved independence in 1818. New Granada, Venezuela and Quito were successively liberated from the Spaniards in 1819-22; and these three countries were united for a few years under the name of Colombia: but in 1829-30 this union broke up into the three Republics of Venezuela, Ecuador and New Granada (now known as Colombia). In 1824 the battle of Ayacucho gave independence to Peru; and the province of Upper Peru was formed into the Republic of Bolivia. The Brazilian monarchy became independent in 1821, and was converted into a Republic in 1889. Mexico became independent in 1821, and adopted Republican forms in 1823. The five provinces to the south-east of Mexico united in 1824 to form a Federal Republic under the name of Central America; but in 1839 this unstable union broke up into the five Republics of Guatemala, Honduras, Salvador, Nicaragua and Costa Rica. In consequence of events in France, the island of Haiti became independent in 1803; but Spain occupied the eastern part, Santo Domingo, in 1806 and held it for 16 years. The island formed one state from 1822 to 1844, in which year it was divided into the two existing Republics of Santo Domingo and Haiti. Cuba was separated from the Spanish monarchy and formed into a Republic in 1899. The province of Panamá seceded from Colombia in 1903 and became a separate Republic.

Since external recognition is an essential condition of complete independence, it may here be added that in 1822 the United States recognised the independence

of Colombia, Chile, Buenos Aires and Mexico; and in January 1825 Great Britain recognised the independence of Buenos Aires, Colombia and Mexico. This formal recognition was preceded by amicable intercourse, by the dispatch of consuls, by relations of a commercial and semi-official kind, and by diplomatic action which gave countenance and support to the insurgent governments.

PRESENT STATUS (AUGUST 1918) AS TOWARDS THE WAR

The following states have declared war with Germany: Brazil, Cuba, Panamá, Guatemala, Nicaragua, Costa Rica, Haiti, Honduras.

Uruguay has broken off diplomatic relations with Germany, rescinded her edict of neutrality, offered the use of her ports to the warships of the Allies, and seized the German ships in her harbours.

Peru has broken off relations with Germany, offered the use of her ports to the Allies and seized the German ships at Callao.

Bolivia, Ecuador and Santo Domingo have broken off relations with Germany. The exact position of Santo Domingo is not easy to define. Since May 1916, the administration of that Republic has been practically controlled by the United States; and this intimate connexion with a belligerent power may perhaps be regarded as constituting a state of belligerency for the Dominican Republic.

Mexico, Salvador, Venezuela, Colombia, Chile, Argentina and Paraguay maintain their neutrality and their diplomatic relations with Germany.

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SPANISH & PORTUGUESE SETTLEMENTS IN AMERICA.

FOOTNOTES:

[1] The reform of 1780-84, which established a quasi-French system of intendentes and subdelegados, need not here be treated.

[2] For the sake of brevity and clear relation to the present topic, this history is not here examined with reference to any theory or doctrine of policy. In order to explain the present position, the salient facts only are given, but not the comments and explanations of statesmen, nor the diplomatic passages leading to these events. One may digress for a moment to point out that a sufficient interpretation of these events is to be found in the natural expansion of a vigorous growing people. In the process of "winning the wilderness and conquering the continent" the United States found that a considerable part of the field was in nominal possession of those who were doing little to use or civilise it. These claims, which obstructed progress, were successively disposed of. Nor has it been found possible to limit that advance to certain indispensable acquisitions of territory. National security has demanded varying degrees of control over neighbouring peoples of inferior development. The process finds many historical parallels: and it is an intensely practical, not a theoretic, matter.

[3] It may be pointed out that for nearly seventy years the United States has acquired no territory from any Latin-American republic, except the perpetual lease of the canal zone, which was freely granted on most profitable conditions by the Republic of Panamá. Cuba and Panamá owe their separate existence, together with an unexampled prosperity and internal tranquillity, to the United States. In Nicaragua and Santo Domingo the great material benefits of interposition seem to outweigh sentimental objections. The financial obligations of Nicaragua have been adjusted through the help of the United States; and it may perhaps be felt that improved public solvency, material prosperity and internal security, though effected through outside aid, enhance instead of diminishing the national dignity.

[4] Notably an article by Mr Pratt, Chief of the United States Bureau of Commerce, in the *Annals of the American Academy of Social and Political Science*.

[5] Bulletin of the Pan-American Union, March 1918.

[6] Mr Pepper, former Foreign Trade Adviser to the United States Government, writing in the *Annals of the American Academy of Social and Political Science*.

Transcriber's Notes:

Unusual punctuation and spellings retained when used consistently (for example, dispatch and despatch); otherwise changed to majority use, with the following exceptions:

P. 24: Greek word transliterated ~apoikia~ appears as Greek script in original. See utf8 or html for original script.

P. 76: hyphenated "to-day" retained, as quoted from other print source.

P. 76: "organization" retained, as quoted from other print source.

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