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EUROPEAN INFLUENCE

IT is well known that, in the matter of external relationships, the Latin American countries stand closer to Europe than to the United States. In many cases they are closer to Europe than to each other individually. It might have been expected that the development of the New World would become a unitary affair; that the similarity of tasks would have led to conjoint effort. But the reason for independent relationships is of the simplest character. New communities produce raw materials but not manufactured commodities. Our own triangular trade with Europe through the West Indies was an exchange of our surplus of food, timber, tobacco, and cotton for the things that we needed. The Latin American countries exported in similar manner to the countries that could supply manufactured articles. Between countries all real relationships are rooted in commerce. There was and could be for nearly a century no trade connection with the United States. For this reason avenues to Europe were established early, and as a consequence extensive economic interests of Europeans developed in these republics. Moreover, Europe could supply what could not be obtained from the United States,—capital for development.

It cannot be said that European financial assistance was altogether beneficial. The Caudillos encountered small difficulty in securing loans. The terms on which these were placed gave them the character of gambling ventures. It

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was a convenient method for the temporary holder of power to enrich himself. The larger part of these loans, therefore, found its way quickly into the pockets of those in office, with only the smallest fraction being devoted to its declared purpose.

There is something fatal for nations as well as for individuals in an unearned income. Monetary values can be understood only by measuring the effort necessary to their production. The worker, therefore, can form a precise conception of the money that he earns. The person who inherits a fortune, on the other hand, lacks a sense of the effort embodied in monetary symbols, and proceeds to the satisfaction of desires without a scale of values. In other words, it is almost certain that he will squander instead of spend. The accumulation of funds for public purposes falls into the same category. To be healthy, every dollar of public money must consciously represent a definite quantity of effort and of sacrifice. When the national income seems to be the gift of Heaven, its disbursement is attended by corruption and deterioration. Peru found itself possessed of a great source of income in the guano beds. Provision could have been made for all the resources needful in the building of a civilization. Transportation and irrigation operations on a large scale could have been carried out. Industries could have been assisted to a secure position. But this pot of gold for which no one had exerted himself created nothing but corruption, dissension, civil and foreign war. It was merely a treasure to be taken by the stronger or more ingenious adventurer. Similarly, the nitrate beds taken by Chile, operated by foreigners who pay a royalty into the national treasury, have contributed to national development the strengthened tenure of a feudal class and a few gaudy stucco buildings unacquainted with ideals of

art. Only a small portion has assisted in the developing of a transportation system.

So in the first stages of national development each country obtained its income by the unlimited hypothecation of its resources. The little chieftain in power would not hold himself responsible for the future, and, moreover, was not the future so uncertain that it could take care of itself? Meanwhile here was money for the government, and he was a government. It was to be employed, as with all governments, in making him secure in office. Thus began at an early date the evil system of loans and concessions. Its course is not yet finished.

Trading interests gradually drifted into the hands of foreigners. This consequence was partly the natural outcome of an agricultural system operated on a feudal basis. The true lord has ever despised trade, and this abhorrence was almost fanatical with the Spaniard. In other countries the growth of industry has been a counteractive influence. The aristocracy finds itself compelled to move into other fields than the agricultural, and to make adjustments to the machinery which exchanges goods. In many cases the princes of capitalism descend without break from the great landlords. In England the respectability of trade is always expanding, and Japan illustrates the ease with which a class can maintain itself through a change in the economic order. But Latin American conceptions of respectability were rigid. There was no local industry to develop flexibility. Things were made abroad, and the foreigner who was low enough to sell them was welcome to the task. The high-born native must follow occupations consistent with the exalted cultural status of his class. He could own land, participate in the government, command in the army, or enter one of the professions, preferably that of the law,

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as in this manner he would stand closer to the operations of the government. The business of the lower class was, of course, to work. The result of these conditions was that room was given for the growth of a middle class almost entirely foreign in its derivation. In course of time this middle class, as everywhere, was destined to a position of dominating influence. This of itself would not have been particularly harmful, but it meant that the center of gravity of each economic enterprise was located in Europe, and the general purpose of development was not primarily to benefit the country in which it was taking place, but to enrich the foreign owners. In short, each republic was a trading station for the industrial countries of Europe. These foreign owners, in their natural endeavor to secure themselves, sought and obtained from the political authorities economic privileges in the form of concessions. Any degree of insecurity had to be compensated by high returns.

The result is that the economic organization of each of these countries is a thing apart from its social and political organization. One has only to think of Mexican mines and petroleum, of Cuban sugar, of Brazilian rubber, of Chilean nitrate, and of Argentine railways, to appreciate the fact that business enterprise, vital to these countries, has not in any case been integrated to general national development. The native for his part has felt that it was necessary only to sit still and await the coming of the "libra esterlina." Politicians have considered it their business to sell their power to dispose of natural resources for the highest possible price. Whenever it became needful to carry out any public work, a loan was placed to cover the initial investment; contracts were let to foreign construction companies; operation was placed in the hands of for-

eigners because they had the requisite skill; all those with power were liberally rewarded, and the total debt went forward to the backs of the people. The important point is that no one involved in the situation could help himself. There was no other way to do business. Many of the participants knew perfectly what was taking place, and would have altered conditions, but these were beyond their control. In other words, the forces that in combination made up social life could not be changed one by one, but only through slow readjustment of the whole system. There have been reformers in abundance in Latin America as elsewhere, and their efforts have been characterized by the same futility. It was necessary and is still necessary that the thing work itself out.

Another motive of importance which aided in making Latin American countries economic dependencies of Europe, was the new tendency of the latter to expand. In previous periods, when any nation decided to become greater, it merely collected an army and proceeded to take territory. This method entailed certain inconveniences in the protection and administration of the conquered regions. During the nineteenth century a new method was discovered, and it was in all probability the special case of Latin America that instructed Europeans in the art of the new imperialism. With the protectorate created by the Monroe Doctrine, territorial aggression on the American continent commended itself less and less to the European taste. Meanwhile the economic developments already described were taking form. Peaceful penetration was found very profitable. Why, therefore, should any European nation take upon itself the difficulties of controlling and administering the affairs of any other people so long as these were safe from the other great nations? If matters could be so ar-

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ranged as to make economic exploitation safe, there was nothing to be gained from political control. The lesson once learned, the industrial and commercial nations of Europe proceeded to expand their interests in all parts of the world where it was possible to build up an economic system separated from the general life of the region. The story of China is familiar. It was, of course, necessary to negotiate agreements among the expanding nations to insure mutual respect of privileges. When this was satisfactorily arranged, each nation proceeded to benefit itself through its monopoly. The result was everywhere the same,—exploitation for foreign advantage and an economic system that violated the integrity of the country concerned.

The conditions described have special application in countries endowed with great natural resources such as minerals and forests, and these riches have been squandered as thoughtlessly and unscrupulously in Latin America as in the United States. The real economic basis of life for the masses of the people in all these countries is agriculture. Somehow this type of work is never able to provide itself with facilities requisite to its advantageous exercise. A transport system, for example, necessary for the successful pursuit of agriculture, is usually provided by those connected with the extraction of mineral wealth or the exploitation of forests and the manufacture of commodities. In other words, while an economic system can operate only through a certain balance of industry and agriculture, the instruments of distribution are provided by and remain in the hands of the owners of industry. It may be that agriculturists are fundamentally incapable of large organization. In the United States, however, with its own agriculture home market, the relations have been so close and the mingling of personnel so constant that our economic system

is a unitary affair. Potatoes and wire nails are at least distant cousins. There is no recognizable kinship between factories of Manchester and the wheat ranches of Argentina. It is the Manchester end of the trading relationship that provides and owns the ocean shipping, the great warehouses, the importing agencies, the banks, and the railways. In other words, the public services become adjuncts of the industrial nations who are marketing their goods. This gives to the foreigners a still more secure economic domination of the country.

There is, of course, only one difficulty in the operation of this system, and that is the collection of debts. Without the protection afforded by the Monroe Doctrine, Latin America would long ago have been occupied by European nations to satisfy financial obligations. This was the excuse for the French intervention in Mexico at the moment when the United States was tied by the Civil War. It has been the avenue for nearly every threatened aggression upon the Monroe Doctrine. But the latter has survived intact and has provided a force to mitigate the effects of the evil economic system. England, with voluntary recognition and support of the Monroe Doctrine, made adjustments beyond all other countries in the direction of fairness. And in the case of Argentina, where agricultural development was rapid, there has come a higher degree of health in the whole economic organization. The effect of this force is not to be discounted. We in the United States are not restricted by any Monroe Doctrine which forbids intervention. Our interests in Mexico, in the mines, oil fields, and public works, are always conscious that they may finally collect from the Mexicans by armed force. Our economic relationship is therefore an unhealthy one. The tendency is not to give and take, but to exploit to the highest degree

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that the traffic will bear. These conditions necessarily engender a hatred of the foreigner—an attitude which is slowly changing with reference to the Europeans who have been under the necessity of adjusting their enterprises to the life of the people.

The close trade relationships with Europe were supplemented in the field of ideas and sentiments. A small upper class, consisting of two or three per cent. of the population, has always gone to Europe for its intellectual training and stimulus. A preponderance of the Latin element, added to the revolutionary influence that emanated from France, accounts for the fact that the intellectual headquarters of Latin America are found in Paris. The civilization of all these countries is distinctly French in its quality. The language is spoken by all members of the upper class; their children are usually educated in French schools; in literature, architecture, drama, painting, and fashions the Gallic tone is everywhere in evidence. The ancient hostility to Spain has prevented that country from exercising any special degree of cultural domination over her former colonies. Brazil and Portugal, with a different history, have maintained much closer contacts, but these have not served to diminish the overwhelming French influence.

A factor of increasing significance is the extensive Italian immigration into some regions of South America. This nationality provides a considerable proportion of the population of Argentina. As everywhere, the Italian comes first as a laborer,—trained in the hard school of peasant agriculture but continuing something of the road-building capacity of the ancient Roman. As in the United States, he has provided the principal labor element in the public works of Argentina. He has done something more,—he has grown a large part of the wheat on which Argentine

prosperity is based. His method is simple. He arrives from Italy with a corded trunk or two and a large family. He passes to the estate of an Argentine landlord who lives for the most part in the capital. He arranges for the use of the necessary land, opens his trunk, takes out his spade, raises the mud walls of his habitation, cuts the grass to thatch it, secures credit for implements and supplies from the neighboring storekeeper, and sets his family to work. Each year he must divide his product with the landlord, and at the end of his tenure he must leave the land he has worked under alfalfa, so the landlord can secure further profits from fattening cattle. But his inexpensive labor produces enough to permit substantial gain, and after a few changes of land, our Italian has become a person of means. A certain proportion return to Italy, but a greater number remain and identify themselves with the life of the country. One difficulty with this arrangement is that the native Argentine of the lower class is excluded from modern types of labor. He has never been excessively addicted to it. His instinct is still that of the Gaucho, and he tends to follow the receding line of the cattle ranch.

The picture then emerges of a small upper class, descendants of the old range owners, suddenly enriched because the Englishman built railways and peasants from south Europe came to grow wheat. The rising price of land is a constant factor in the mentality of the Argentine. He has become wealthy without exertion. His business operations are further land speculations. He governs the country, practises the professions, visits Europe, belongs to the clubs, gambles, drinks, attends the races, and drives in Palermo. This picture has many notable exceptions, but is not overdrawn for the average wealthy Argentine. The

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evil is that of the unearned income that has learned from Europe some of the virtues and many vices.

The growth of an individual is a continuous readjustment of parts and functions. Muscles, bones, brain, heart, lungs, viscera seem to have each its own rate of increase. The organism as a whole is constantly out of gear, pulled hither and thither by some one of its parts, momentarily dominating, and striving to subordinate them to harmony of action. Much of this is true of nations in their youth. The body politic is full of maladjustments and growing pains. It is more conscious of what some special organ is doing than of its own general life functions. But all growth is weighted in the direction of harmony. The condition indispensable is a clear consciousness of national ends, combined with a will to attain them. Then the integration of parts comes about of itself. A merely talkative patriotism leads to nothing but hypochondria. When a nation sets itself to work, most of its ills vanish. A national purpose brings harmony as proved by war. Peace purposes can do as much, but only when lifted out of subordination to selfish interests to the clean plane of national welfare.