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South America, Past and Present

By R. V. LeSueur

Chairman T. D'Arcy Leonard:—Gentlemen, we are to have an address today from a fellow member of the Canadian Club, a distinguished citizen of Toronto, Mr. R. V. LeSueur, and the splendid attendance we have here today is a tribute to the esteem in which Mr. LeSueur is held. He is, as you know, vice-president of the International Petroleum Company and of the Imperial Oil Company—in case you have not heard of the Imperial Oil Company, I should perhaps tell you that it is the company that produces the coffee pots we use round here. For many years Mr. LeSueur has been intimately connected with South America, and there are few men in Canada who are as familiar as he is with the conditions on that Continent.

I am sure we all appreciate that the responsible positions he holds make great demands on his time, and we are indeed grateful to him for having taken the time and trouble to come and speak to us today on the subject of "South America, Past and Present."

Mr. LeSueur:—Mr. Chairman, Ladies and Gentlemen:—Your President and Chairman, Mr. D'Arcy Leonard, has been more than generous in his introduction; in fact, so much so that an excuse on my part will evidently be necessary, and, if I may be permitted to make it now, I must place it on the magnitude of my subject; this subject is just as interesting, to me at least, as South America is fascinating, but I confess that it has proved rather difficult to so arrange that subject as to draw a reasonably accurate and faithful picture in which could be clearly seen the background as well as the present conditions prevailing amongst our friends in the South American Republics.

My experience in discussing South America with Anglo-Saxons has been that the majority of them appear to have most prominently in mind two features, first, the number of revolutions which take place in the South American Republics, with a corresponding desire on their part to know just why these take place with frequency and what significance they carry, and second, a growing realization that the South American Republics are becoming potent factors in the economic life of the modern world and a desire to know the reasons why their place in the world has been so long delayed and is now advancing to importance so rapidly. These are two very salient features and the Anglo-Saxon mind in picking them out again shows its usual practical keenness; the answer to these questions involves and rests upon a study and an understanding of the historical development of these republics and of the condition—political, social and economic—at which they have today arrived.

As a starting point, let us first take an elementary geographical survey of the South American continent. North America and South America are practically the same in area, the first containing 8,000,000 square miles and the other 7,570,000 square miles; South America, while generally thought of as being directly south of North America, in reality lies much to the east and extends some 2,600 miles east of New York. New York on the Atlantic coast of North America is almost directly north of Lima, Peru, on the Pacific coast of South America; hence the east coast ports, on South America's Atlantic seaboard, are practically as near to Europe as they are to New York. Both continents are well served by a huge system of waterways. The Magdalena in the Republic of Colombia drains about 100,000 square miles, the Orinoco in Venezuela has a drainage basin of approximately 365,000 square miles, the Amazon in Brazil, with its numerous tributaries, drains nearly 2,000,000 square miles and with these tributaries has over 20,000 miles of navigable waters, the Parana and Rio Plate system of rivers drain over 1,000,000 square miles. On the Pacific seaboard the rivers are generally short, mountainous streams running down to the Pacific and serve as sources of irrigation rather than of navigation. While this huge system of waterways in the north and to the east of the Andes has tremendous

possibilities and offers enormous scope for future development, at present their possibilities are but slightly utilized, as a great part of the areas through which they flow are as yet waste lands; the barren and extensive *llanos* of eastern Colombia and southern Venezuela; the tremendous area of tropical and primeval forest just east of the Andes and extending down the continent from the southern limits of Colombia and Venezuela to the northern part of Argentina and covering some 2,000,000 square miles. Although 400 years have elapsed since the Spaniards founded their first colonies, these tremendous primeval wildernesses are very slightly explored, are totally unmapped according to our standards and are inhabited by wild animals and equally wild Indians, living in a state of original savagery.

Some years ago I had occasion to go over the Andes, ascending by the Central Railway of Peru, which, in a comparatively short distance, reaches a height of some 16,500 feet, and then our party descended the eastern slope from a height of about 14,000 feet in a Ford car, travelling along a *burro* trail, which had only once before been passed over by a car. The trip was perhaps the most thrilling trip I have ever had. When we reached about 2,000 feet above sea level, we encountered these Indians. They are people of small stature, only reaching to my shoulder, but are well built and apparently intelligent, with prominent eyes and large foreheads. They were clothed in the usual scanty garb of savages. I have read reports of other expeditions in the interior of Brazil, which describe an almost similar type of Indian. Cannibalism is sometimes said to exist among certain tribes but the reply of the Indian as commonly reported is that it is better to be inside a warm friend than outside in the cold ground.

A strange paradox to the vast unexplored areas of primeval forests and waste lands is the array of magnificent capitals, generally situated either on or near the seaboard. The fact is that the great bulk of the population of South America dwells along a fringe on the seaboard and there we find great cities such as Caracas, Rio de Janeiro, Montevideo, Buenos Aires, Santiago and Lima. These capitals range in population from 250,000 to approximately two and a half million and possess magnificent public buildings,

spacious hotels, wonderful race courses and oftentimes bull rings, luxurious city clubs and ostentatious country clubs. The upper class in these cities is usually well travelled, highly cultured and accustomed to fully enjoy all the luxuries of amenities available in the most advanced capitals of Europe and North America. The magnificence and wealth displayed in these capitals must mean a correspondingly great source of wealth and such is the case. South America is possessed of nearly all classes of minerals and has already demonstrated that it is prolific in petroleum resources; in agriculture it produces coffee, cotton and sugar in abundance and in parts is admirably adapted for wheat and cattle raising. Generally speaking, its potential wealth appears to be equally as great as that of North America.

Now to what causes can we attribute the fact that the two Americas, North and South, with more or less equal natural possibilities, have shown such a divergence in their political and economic progress. The Spanish colonies were founded almost 100 years before the British colonies in North America had their beginnings, yet despite this start of 100 years, North America, once firmly founded, grew rapidly in population and soon outstripped the Spanish colonies, its vigorous citizens spreading over, mapping and developing its every corner, while even today South America, so far as its population is concerned, presents largely a coastal development, with tremendous areas in its interior practically unknown. North America in its political development has proved the champion of democracy and has kept abreast of and often led the most advanced nations of Europe in upholding the basic principles of democracy, while this same trend has only made itself evident in South America in a virile and steady way during the last fifty or sixty years, and only now are economic and political developments approaching standards which we have long enjoyed in the north. The reasons for this divergence are founded in the early history of the colonies and I crave your indulgence while I pass briefly in review the main features of difference in the colonial life of the two continents.

Columbus discovered America in 1492, and at that time Spain was by far the most powerful European nation, overtopping all others in troops, in ships and in financial resources. When Spain moved, the world trembled. Spain and Portugal purported to divide the oceans and the uninhabited lands of the western hemisphere between them and alleged their right to exclude all other nations from any participation. On this basis and backed by its superior resources, Spain in the next few decades took possession of the principal islands in the West Indies—Cuba, Jamaica, Puerto Rico, etc.—and set up its flag and established colonies in practically every part of South America with the exception of Brazil, which fell to Portugal. These conquests and colonizations furnish us with many of the most picturesque, daring and romantic struggles which history affords. The story of Hernando Cortez and his conquest of the Aztecs and of Mexico is no doubt well known to most of you. The story of Quesada and his conquest of Colombia, is, however, less generally known and may be of some interest. This Spanish *Conquistador* in 1536 led some 600 men from the Caribbean Sea up the Magdalena River. The Magdalena River is very simliar to the lower Mississippi. He encountered malarial swamps, tropical jungles and hostile Indians for several hundred miles and these elements took a terrific toll amongst his men, nearly 75% of them perishing before he reached the spot where our Company now carries on its oil operations. Nothing daunted him, however, and with his remaining force and the few horses which he had been able to save, he struck in overland and ascended the Bogota plateau. There he met and, largely through means of his horses, which inspired terror in the Indians, he defeated the Chibcha army. Although the Chibchas were estimated at 1,000,000 souls, he managed to maintain himself and eventually conquered and ruled the whole of what is now known as the Republic of Colombia. With equal daring and bravery, Francisco Pizarro finally, after one abortive attempt, landed in the northern part of Peru and with his small band marched across the arid sands of that area to the foothills of the Andes. These he ascended and, following along the crest of the Andes, finally met and defeated the armies of Atahualpa, the Inca, and captured the Inca himself. By cleverly setting faction against faction in the Inca camp, he ultimately found himself in complete control of a kingdom where, during the years, large accumu-

lations of precious metals had been made and of a large Indian population which, under the paternal government of the Inca, had been accustomed to offer a passive obedience. The other conquests are perhaps somewhat less picturesque and less filled with deeds of daring, but it is sufficient to state that in an incredibly short time the Spaniards had conquered and taken possession of a huge dominion, overflowing with a wealth beyond their wildest dreams and peopled by Indians who could be treated as serfs and made to do their bidding. This tremendous dominion extended from southern California and Florida, through the West Indies, Mexico and Central America, to the southerly tip of South America.

Colonization on the North American continent presents a very different picture. It was nearly 100 years after Columbus discovered America before England and France began to be really stirred by colonial ambitions and only then did the individual enterprise of their nationals become aggressive in maritime endeavour. The power of Spain had by that time become less overwhelming and less awe-inspiring and less respect was paid to the claims of Spain and Portugal to sovereignty of the high seas and the lands of the western hemisphere. Early in 1600 the colony of New France obtained a feeble start. A few years later the London Company established the colony of Virginia, which for many years barely maintained a precarious existence against hostile Indians and a great variety of rapidly succeeding misfortunes. In 1620 the Pilgrim Fathers landed at Plymouth Rock. In 1634 the colony of Maryland was founded and it was not until 1670 that Wm. Penn and his Quakers settled in Pennsylvania. Speaking generally, the North American colonies in their early efforts encountered a series of difficulties and experienced numerous setbacks, which at times looked as if they would submerge the colonists. The colonists had largely to depend on their own resources. However, they managed to maintain a rather feeble existence for many years and gradually, step by step, they acquired strength, obtained a firmer foundation and ultimately entered upon a comparatively steady, sturdy and increasingly rapid growth.

Let us analyse the essential differences between these two systems of colonization and between the conditions by which the colonists found themselves surrounded, as it is a realization of these differences which enables Teutonic North America to sympathetically understand Latin South America.

In the era of Columbus and the Spanish conquests, Spain was an absolute monarchy, inspired by a narrow, nationalistic policy and guided by narrow and extreme doctrines, politically, commercially and socially. These she passed on to her colonies. The Viceroys and their assistants derived their authority from, and were responsible only to, the Spanish Crown. The laws emanated only from the Royal head. Trade was limited to specified channels; for instance, the Argentine colonist could only purchase his European needs at Panama and there only could he sell his products. The great objective was to drain the colonies of all their gold and precious metals. The whole colonial administration was short-sighted and repressive and stagnated all collective colonial development on the political side, as well as repressed that sound individual initiative which might otherwise have formed the foundation for expansion. The English colonies, on the other hand, had their beginnings under different auspices. They either had from the beginning, or soon acquired, representative legislatures with parliamentary privileges. They took with them the institutions and the general principles of freedom, including trial by jury and habeas corpus. We must remember, however, that these principles of freedom were somewhat straight-laced and not as liberal as we demand them today, but they contained the elements on which our present freedom and our present individual self-respect and independence are based. It is true that England endeavoured to hold as much of the colonial trade as possible, but in the broad outline her policy towards the colonies allowed wide scope for individual and local initiative and when she too, at a later date, mistakenly endeavoured to impose irritating taxes, she found to her sorrow that the spirit of freedom was too firmly implanted and would not submit to them. To summarize, it would appear reasonable to say that in general the Spanish *Conquistador,* brave, romantic, high minded and daring, went

out to seek gold and glory and remained in an atmosphere, circumscribed and restricted, while the English colonist, equally brave, but more serious-minded, went out to seek a home where he could enjoy a freedom to his liking and remained in an atmosphere which called forth all that he possessed of individual and local initiative.

The second great difference was that the Spanish conqueror encountered a climate not always conductive to labour and found himself in control of a numerous body of Indians who were passive in temperament and trained to toil for an overlord. His numbers being small, he found it convenient to utilize to the full this class of labour, both in mining the precious metals and in working his estates. He himself came to consider labour as more or less dishonourable and became a governing and leisured class, the overlord and large estate owner, while all the manual and menial labour on the land and in the mines was performed by the Indian. The Indian thus became an essential factor in the structure of the national life. On the other hand, the North American colonist encountered Indians who were fierce and warlike and could not be tamed to do the labour. He himself was forced to hew down the forests and to perform all the labour on the land, but the climate was suitable and he himself practical and serious-minded. In the course of protecting himself and his family against the Indian and in the course of hewing out a home for himself on the land, he grew in self-confidence and became strong in character and self-reliance. The Indians he pushed back and back but at no time did he ever become dependent on the Indian for labour or make him a part of his political or industrial structure.

The third difference, though productive of far-reaching results, is largely attributable to the two differences already outlined and concerns immigration. The study of immigration is very fascinating. Students of that subject divide it into three periods, first, the migrations of tribes or peoples as a whole such as the Angles and Jutes to England, the Francs to France, the Visigoths and Ostrogoths to Italy and Spain. Next came the colonial phase of migration where people migrated in large bodies, organized by their governments or by private companies, or inspired by a desire for

increased political or religious liberty; and lastly, we have the present day phase which has prevailed for the last century and a half. In this period immigration has been essentially individualistic and determined almost entirely by economic reasons and by the desire of the immigrant to better his individual economic position and, if possible, to do this amidst congenial surroundings. To such an immigrant the Spanish colonies with one or two exceptions offered little inducement. He was there faced by the competition of peon or Indian labour. He was restricted in trade and repressed in most of his individual efforts. As a result, for many years there was practically no immigration to the Spanish colonies. Not until about 1875, long after they had secured their independence from Spain, did Argentina and Brazil adopt a policy favourable to immigration. Since that time there has been a sizeable immigration into Argentina, mostly from Italy, and today it is estimated that a very substantial percentage of the population of Argentina have Italian blood in their veins. The racial situation in Brazil is distinct and should have a few words. Up to 1830 African slaves were brought into Brazil in large numbers and as a strong colour line has never been sharply drawn in Brazil and intermarriage between the white and negro races has been frequent, there is now a considerable racial mixture. In 1890, the last census in which classification according to races was made, there were said to be 44% whites, 14.6% negroes, 32.4% of mixed blood and 9% Indian. Since 1890 there has also been considerable immigration into Brazil, mainly of Portuguese, Italians and Spanish, and it may be said that there seems to be a gradual fusing of the mixed racial strains in Brazil and there have never been any signs of a serious racial problem. Outside of these two countries, immigration has been and still is negligible. It is true that small colonies of British, American, French and German nationals have gone to most of the South American republics but they usually retain their own nationality, are mainly engaged in foreign trade and seldom take any part in the political life of the country. The opposite is true of North America, where immigration has been comparatively continuous and abundant and where in the majority of the cases the immigrant has become a permanent citizen This

constant supply of man power enabled the North American to make rapid progress in development without dependence on the Indian races and has relegated to oblivion any Indian question of consequent danger to the white population. On the other hand, most of the South American republics are today faced with this racial problem of how to deal with their Indian populations. This is not true of Brazil, Uruguay or the Argentine, where the Indian population, at least in the settled portions, has practically disappeared or become a very minor portion of the population. But outside of these three nations, it is safe to say that the population of pure European blood has increased but very slowly, that the Indian still represents the larger portion of the population and that the *mestizo* alone seems to be increasing materially in numbers. I might say that the *mestizo* is the offspring of intermarriage between European and Indian.

In spite of, according to our northern viewpoint, the many defects in the Spanish colonial system and the scattered nature of the Spanish colonies, it is very remarkable that Spain maintained her hold on her colonies in South America for practically 300 years. The American War of Independence seems to have but little influence on the South American colonies. The French Revolution, however, had a profound influence and the ideals broadcasted throughout the world from that revolution obtained deep attention in South America. There followed the deposition of the Spanish monarch by Napoleon and the setting up of Joseph Bonaparte as the ruler of Spain and this created an anomalous position for the Viceroys in the Spanish colonies and did much to shake their authority and strengthen the discontent and the brooding revolutions throughout South America. Soon revolutionary outbreaks began to spread and gain strength, with the ultimate result, after many years of effort, that by the year 1830 practically every province in South America had thrown off the yoke of the Spanish Crown. The United States about this time proclaimed its Monroe Doctrine with the tacit approval of Great Britain and pressure from these two powers was effective in preventing active attempts on the part of Spain to recover her colonies, though she did not definitely recognize their independence until some twenty years later. In securing their

independence there had been a great deal of co-operation and mutual help among the Spanish colonists throughout South America and there was comparatively little difference racially or otherwise among the Spanish colonists from north to south and east to west of the continent. However, they grouped themselves around their old provincial capitals and divided into the South American nations which we know today. The leaders and principals in these wide movements for independence embraced many patriots of great ability and of high principles and ideals. They had before them, however, the stupendous task of organizing these various groups into nations. Naturally, the simplest plan was to follow the example of the United States and to frame constitutions modelled on that of the North American Republic, vesting the executive power in a President holding office for a term of years. The foundation, however, was lacking. The Spanish colonists, accustomed to be ruled by others, and never had a chance to think of government as their own business nor of themselves as responsible for public order. Twelve years of fighting against Spanish troops had accustomed everybody to violence and the only leaders were soldiers. Democracy is one of the most complicated of all human undertakings, as it consists in the conducting of government by the will of the majority and according to settled law and with due respect to the rights of the minority. It was altogether too much to expect the Spanish colonists so racially composed, small in numbers, spread over vast areas and with no practice in self-government, to be able to create and work democratic institutions. It was contrary to facts, which must always win, and Teutonic America should not censure or criticize Latin America in its struggle towards true democracy during the last 100 years without giving full weight to these fundamental facts. As was to be expected, the growth was slow; revolutions and dictatorships were frequent. The dictatorships have in many cases been necessary because the people were not prepared for or capable of beneficially utilizing the democratic forms of government. Many of those dictatorships have been and are proving to be periods of substantial advancement and progress for the nations concerned. Revolutions have been becoming much less frequent

and their severity has practically disappeared. Today they usually amount to not much more than a change in our party government. I have been through three revolutions, have never seen any serious loss of life or destruction of property and I know of no case where the property of foreigners has been destroyed or their lives imperilled. In the last fifty years, practically all the South American republics have been making increasingly greater advancement and at no time has their progress been as pronounced as it is today. Let us look at some aspects of their present day situation.

First, their laws. The laws of practically all the republics of South America are based on the Roman Civil Law and moulded in the form of the Napoleonic Code. They are generally codified and are beautiful expositions of the principles of jurisprudence. They have no unwritten law and precedents have only secondary weight with their tribunals; the law is, generally speaking, reasonably well administered and in some of the republics is exceptionally well and impartially applied. These laws assure to foreigners the same protection for life and property as is afforded to their own nationals.

Second, the political situation. All of the South American states are republican in form, though in practice many of them are not true democracies as we understand democracy in Anglo-Saxon countries. Public opinion as a controlling force is practically non-existent in many of them. In a great many of the South American states the political power is in the hands either of an autocrat or of an oligarchic group representing the wealthy and cultured elements in the nation and in such cases their power is based ultimately on control of the army. As yet this appears in many instances to be the most feasible form of government, as the preponderance of the population is still Indian and not fully capable of wisely exercising democratic rights. However, it should be noted that during the last decade the legislatures of practically all the South American republics have been paying more and more attention to social legislation and laws have been enacted regarding minimum wages, maximum hours of labour, holidays, compensation on dismissal, etc., etc. The legislation and the ideas of Franklin D. Roosevelt

have had considerable influence in some of the republics; the example of Mexico has been urged as desirable by certain labour groups in many of the republics but without extreme results; communistic doctrines have been sponsored by small groups in the various republics but have taken no real hold on the bulk of the people; fascist propaganda is commencing in earnest but its success is very doubtful and even if temporarily successful, I would seriously doubt its permanence. It is true that there has been a growng nationalistic trend in the South American republics but I believe it is fair to state that such trend has been no greater than similar trends in our European and North American nations and that the bulk of the peoples in South America strongly incline towards the ultimate realization of true democracy on the Anglo-Saxon model.

Third, *Education*. There has existed for centuries a great contrast and a great gap between the highly educated and highly cultured few of the Spanish population and the great mass of rather poorly educated mestizos and illiterate Indians. This great gap is now recognized and enlightened and public spirited men are coming to realize more and more fully that the *first essential of democracy is that all the people should be educated*. The number of schools, especially those for primary instruction, has increased enormously in the last few years and in some of the republics a *study of English* is part of the curriculum. In spite of these efforts, the percentage of illiteracy is still unduly high, in some of the republics exceeding 65% and many years of effort face the public-spirited educationalist. In the realm of *higher education new universities are being founded* and, while hitherto the courses of study tended more to the humanities and to the subjects which fitted a man for a professional or cultural career, the tendency now is to introduce the more practical subjects which will fit the student for an industrial and business career. Also, thousands of *Spanish-Americans are now going to England and the United States to finish their education*, especially in *engineering* and *science*, and these students as they go back to South America carry with them *Anglo-Saxon ideas and customs* and are exerting a great influence on *Spanish-American* development and towards a closer alignment.

Fourth, *transportation.* Rapid and comprehensive steps forward are now being made in transportation. Until recently good roads were largely confined to the capitals and within a few miles of their limits progress by road was impossible. *Now nearly all the South American republics have extensive road building programmes.* Peru has *50,000,000 sol road programme,* which is rapidly materializing. You can now travel from Caracas to Bogota by road, most of it fairly good, and you can then proceed from Bogota down to the Ecuadorean border by road. It is only a question of time until the highway systems of these South American republics become of great value to their internal commerce and to the general advancement. Air transportation is becoming quite common and extremely important throughout South America; as an example, it is not so long since a person desiring to reach Iquitos on the Amazon from Lima on the Pacific would prefer to go through the Panama Canal, around the northern part of the continent and up the Amazon, a trip of perhaps six weeks or so, but now Iquitos is reached from Lima by aeroplane in the course of hours. These extra facilities in transportation are exerting and are bound to exert a very marked influence on the South American republics in every phase of their national life.

Let us turn now to the industrial and financial side. In both of these, South America as yet owes its progress largely to foreign capital and enterprise. Great Britain is estimated to have an investment in South America of approximately $5,000,000,000, the United States of approximately $3,000,000,000, and the other European countries follow along with sizeable sums. These investments have so far proved to be as safe in South America as they are in North American and European countries. In banking, practically every South American capital possesses a branch of some long established English bank as well as a branch of the Royal Bank of Canada. The National City Bank of New York has also in the last few years been establishing branches in the different South American cities. Since 1900 practically all the South American republics have established Central Reserve Banks with constitutions and laws more or less similar to the Federal Reserve Bank of the United States and likewise in nearly every capital is

a national bank. In life insurance, the Sun Life Company of Canada formerly did a tremendous business throughout South America, but with the growth in these republics of a more nationalistic spirit laws were made compelling the insurance companies to invest a certain amount of their assets, corresponding to the life insurance written within the nation, in national securities and this has recently much curtailed the activities of foreign companies. The railroads throughout South America, where not owned by the government itself are practically all controlled by English interests and the story of their construction, especially in mountainous regions, is a romance of daring and tenacity in which British and American engineers have participated. The large mining ventures such as copper and tin are controlled mainly by American and to a lesser extent by British interests and, though there are some nationals carrying on mining in a large way, most of the nationals engaged in mining operations are on a smaller scale. The petroleum industry is carried on by Canadian, American and British interests, with the exception of the government owned operations in Argentina, where the government produces and refines in competition with, or generally in co-operation with, the foreign interests there operating. The mining, petroleum and other similar operations in South America require extremely large outlays of capital owing to the nature of the country as well as to the character of the operation and for this reason have been so far confined almost exclusively to foreign enterprise, but the nationals are gradually taking a greater interest in these developments. So far as our own experience is concerned, foreign capital has always been accorded considerate treatment and the existence on the foreigner's part of an attitude of fairness and frank recognition of his responsibilities as a citizen doing business in the country has always received a generous response from the national governments. Agriculture and the agricultural industries in the various South American republics are almost entirely in the hands of national capital, though the abattoir and packing industries in the Argentine are carried on extensively by British and American interests and the sugar industry in Peru to a major extent by German and American interests. Throughout South America there

are large British and American commission houses who have a very large participation in the foreign trade of the South American republics, but there are rapidly arising, strong national commission houses which dispute with these foreign houses for a material participation in this business. The Great War gave quite an impetus to small local industries. Supplies were cut off or diminished from Europe and the States by reason of increased prices and the lack of goods and during these years there arose many local industries manufacturing boots and shoes, textile goods and other commodities required for local consumption. While these industries do not as yet make the finished articles which foreign industries produce, they are firmly established and advancing with reasonable rapidity. The general trend today in the South American republics is to foment national and local industries as much as possible but there is still a general recognition of the great necessity for foreign capital to develop the wealth of their countries and they generally extend to foreign capital the welcome and the protection which this situation demands.

Let us now take a brief glance at the two racial extremes which still appear in the national life of South America.

The Indian is still just as distinct and separate a race as he was when the Spaniards made their conquests. The mestizo has not bridged the gap and in fact the mestizo practically always favours the Spanish upper class in preference to the Indian. The Indian, however, has never combined or organized himself into a political group and there is, up to the present, no indication that he will seek to utilize his numerical superiority as a political power to control policies or legislation. Primary education is now generally afforded to the Indian but he is still absolutely inexperienced in democratic or responsible government. In fact, he appears to take little interest in the political life of his country and is generally well disposed towards the white population, though easily influenced by agitators, and the only part which he takes in the national life is to serve as a soldier. Practically all the privates in the army are Indians and they make good soldiers, quite content to follow their leaders and obey their commands. So long as the Indian remains politically and racially content, the only problem

is that of educating him and improving his standard of living, but it is very true that such a large body of more or less illiterate and politically careless citizens is a serious clog to political growth and to the higher phases of national life, while on the other hand, as the Indian is educated, if he does become politically conscious and desirous of exercising his numerical power, the South American republics may have difficulty in keeping the Ship of State on a level keel during the period of adjustment. Such a situation, however, appears to be far distant.

The Spanish upper class in practically all of the South American Republics is still the great factor in moulding the political, social and economic future of their nations; they are found mainly among the large landed proprietors, the mining interests, the bankers, the professions, and to some extent in the industrial and business world. As a general rule they are found to be courteous and unusually hospitable, warm in their friendships but not less bitter in their enmities. *They take their politics very seriously.* They are high-spirited, quick-minded and sensitive to a degree, as well as brave and courageous. They *usually enjoy a high degree of education, though their education* emphasizes those branches of learning which tend more to polish than to the practical in industry and commerce. However, it must be said that much more attention is now being paid to the practical. In practical matters they appear to lean towards *Anglo-Saxon practices and methods.* It must be remembered that the French language is much easier for them than any Teutonic tongue and while many of them speak English, practically *all speak French;* also that the Spaniards, like the French, love style and have a fondness for graceful and pointed expression. These factors, together with their greater liking for general ideas rather than for accumulation of facts, customary with the Anglo-Saxon, produce an *intellectual affinity for France* and for the brightness of her ideas, the gaiety of her spirit and the finish of her literary ideas. The result, as might be expected, is that French literature and French ideas have for many years exercised a large influence on South American culture. Their break with Spain was so abrupt and so unpleasant that Spanish ideas and Spanish culture seem to exercise but a

secondary influence. In general, it might be said that they today appreciate the importance of closer relations with the *Anglo-Saxon* countries and in the practical, commercial and economic matters are strongly inclined to follow the *Anglo-Saxon* model, while in literature and art and in natural sympathy they feel a much closed affinity towards France.

There is undoubtedly a great *vitality* and *virility* in the Spanish-American peoples and this appears from the number of *strong, bold forceful men* who have figured in their *history* and *who are today patriotically using their abilities in solving the various problems confronting their respective nations*. As we have seen, there have been and still are many handicaps to progress, some of which have been overcome and many of which remain to be solved, but with their large natural resources, the virility and vitality of their people and the courage, public-spiritedness and ability which many of their leaders are today showing, these handicaps will without doubt be overcome and the future of the Spanish-American republics assured.