

HOW TO MAKE THE YANKEE HARMLESS¹

BY RAMIRO DE MAEZTU

IN view of the existing social structure of the United States, how can the nations threatened by American imperialism best defend themselves? Were it possible to acclimate in Iberian America one of the most characteristic institutions of the Anglo-Saxon world, the debating society, I am sure that this would be the question most often discussed.

Happily for Latin America, the United States is not an imperialist country in the usual sense of the word. That nation's growth results from a rapidly expanding population pushing into thinly settled regions, rather than from the deliberate action of its Government. It is not organized for military conquest. The Federal authority is limited by the powers of the States. Its army, including the garrisons of far outposts like the Philippines, Hawaii, Porto Rico, and the Canal Zone, does not exceed one hundred and fifty thousand men. But the United States has great industries with whose exuberant growth even its domestic market cannot keep pace, so that its producers must find foreign outlets for their wares. Furthermore, it possesses a superabundance of investment capital, which makes it the banker of less favored lands.

If the United States had a bureaucratic organization serving imperialist ambitions, as did pre-war Germany, the best defense against its expansion would doubtless be for the Latin-

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American republics to become highly centralized like France and to cultivate a nationalist spirit. The German danger forced France to centralize her military organization at all costs, and therefore made it imperative to centralize also her civil administration, for unless this were done the army would soon be master of the country. That would have defeated the very purpose for which an army exists, by dividing the nation into two antagonistic classes, the soldiers and the peasants.

Latin America's system of government has been determined by her effort to protect herself against dictatorships, and not by the danger of a foreign foe. This struggle to subordinate the cacique, or party boss, to the constitution, which characterizes the political evolution of both Spain and her former colonies, is little by little improving their bureaucratic machinery, which has grown better ever since these nations attained self-government; so that all Spanish-speaking countries are evolving gradually into bureaucratic States, in which most men of university training, except those who enter law or medicine, look forward to a government career.

This leads us to ask if a bureaucratic constitution can defend the Spanish-speaking republics against North America's economic imperialism? This is not a simple question to answer. The United States is not only a great nation industrially and financially, but it is perhaps the greatest Power politically in the world, albeit its diplomacy is

still rather primitive. Recall Caillaux's remark when his effort to give the French debt to North America a political character was defeated: 'You can't say to a Power like the United States that you won't pay her.' Those significant words betray his conviction that as a last resort Washington would use its overwhelming political influence to collect its bills.

Bureaucratic governments might, to be sure, evade such conflicts. They might even, in the absence of any other alternative, nationalize their natural resources. They could thus protect themselves from that compulsory collection of debts which Dr. Drago feared so much. But a country in the early stages of its development, when it requires foreign capital, can hardly adopt this measure. Another policy, and perchance a shrewder one, is to divide up the nation's indebtedness among many countries, as Porfirio Diaz did in Mexico, and above all to avoid becoming heavily obligated to the United States.

Cuba has under consideration a law that has attracted wide attention in Spain. She proposes to require that at least three fourths of the employees of merchants, manufacturers, and planters in that country shall be Cuban citizens. This law will work special hardship upon the Spanish merchants, who control much of the trade of the Island and whose employees are almost exclusively Spaniards. If this is strictly enforced, such merchants and those who work for them will have to become Cuban citizens. No such statute would be enacted, of course, if the Spanish Government possessed political influence enough to deter the Cuban authorities from adopting a measure so prejudicial to its interests.

Now, as a parallel illustration, Mexico has enacted a law that limits the right of aliens to acquire land in the

Republic. In view of the protest of the United States, however, it seems to me certain that the Mexican Government will eventually modify that law so as to let North American capitalists exploit her petroleum-fields. And the reason why the influence of Washington will prevail at Mexico City, while the influence of Madrid will not prevail at Havana, is precisely the reason that Caillaux cited when he said that you can't tell a country as powerful as the United States that you will not pay what you owe her.

Consequently it seems doubtful if purely bureaucratic devices can check the economic expansion of the United States — above all when so many in Latin-American countries themselves are personally interested in inviting that expansion. The case would be quite different if the bureaucracies were able to accumulate capital to loan on favorable terms to local enterprises. But as long as bureaucratic governments show their present capacity for incurring vast expenditures while adding nothing to the nation's resources, as long as they resort so easily to borrowing and show so little talent for economizing, I see no likelihood that they will be able to erect a rampart against the economic expansion of the industrial nations — except, of course, those that have no politically powerful governments to back them up.

A better defense would be to increase the commercial and industrial efficiency of the countries that believe themselves in peril of North American usurpations. In one respect we Spanish-speaking people are more efficient than the Yankees — we can live on less money. After the Spanish-American War in 1898 many American merchants thought that Cuba offered a favorable field for trade. They founded a large number of mercantile establishments in the West Indies, bringing

down employees from their own country. But the Spaniards were already in possession of the field, and the Yankees could not compete with them. These newcomers from the States could not reconcile themselves to eating and sleeping in their shops with their employees, nor would those employees consent to spend all their time in the establishment, without leaving it more than three or four times a year. The heads and the staffs of the American firms had to live in Cuba at least as comfortably as they did at home. So these ambitious enterprises failed, and to-day the trade of the United States in Cuba is transacted through Spanish middlemen. In fact the discovery the North Americans made in Cuba, that Spaniards are a serious-minded and industrious people, completely changed their attitude toward our nation. To-day they respect the Spaniards.

It was easier for the Yankees to get control of the Cuban tobacco factories and to incorporate them in their tobacco trust. But even the trust can hardly compete in Cuba itself with the *chunchal*, or native cigar-factory, with little or no capital and minimum overhead expenses, where there is no waste because everything is done under the eyes of the owner. In fact the business conquests of the Yankees are limited to acquiring eighty-five per cent of Cuban sugar plantations and operating them as corporations. I am not at all certain that these corporations will survive the present fall in sugar prices. Nevertheless they constitute a danger for Cuban independence, because their owners are deeply interested in having Cuba safely behind North America's high tariff wall. That would protect from world competition their sugar, which is practically the only commodity they produce.

We have here a striking example of

the danger that the economic expansion of the United States represents for Latin America. This expansion is entirely the work of individuals having no immediate political objects in view. The Yankees failed in their mercantile invasion. They succeeded only partially in the tobacco-manufacture. They won a complete victory only in the sugar industry. North American investments are probably to be credited with the fact that the sugar crop of Cuba has tripled within twenty-five years. On the other hand, cane-fields have extended at the expense of other crops until it has become a serious question whether they can be made to pay outside of the United States tariff area. In other words, industrial expansion has created a political problem involving the very independence of the country.

Needless to say, if the sugar mills of Cuba had not fallen into the hands of men more capable of operating them than their former owners, who were ruined partly by war and revolution and partly by their own luxurious habits, they never would have become Yankee property. This shows that the fundamental problem for the people of Latin America is to train up merchants, manufacturers, and bankers as competent as those of other countries, to divert the talent that now goes almost entirely into government service and the liberal professions to those more important channels. The most striking contrast between Iberian America and Saxon America is that the latter has no great landlords but has a number of great manufacturers, merchants, and bankers, while Latin America has an abundance of great landlords and almost no great manufacturers, merchants, and bankers.

This evolution toward a more rational and modern industrial civilization that I desire and that I look for-

ward to in Latin America is occurring, although far too slowly, in Spain herself. Spain, likewise, is a country of great landed estates, where the best talent from the universities, outside of lawyers and doctors, dedicates itself to government employment, and where even the lawyers go into politics in order to get clients. The best engineers in the country still wither away in government jobs instead of growing stronger and abler in red-blooded private undertakings. Of the five hundred engineers in our Public Works Department fully one half are drying up in Madrid offices instead of being out in the field building roads, railways, canals, and harbor works. The same is true in the Mines Department.

When I criticize this condition, I am told that private business offers no adequate rewards, that it pays too low salaries. But the chief reason for that is that our industries are in the hands either of foreigners or of men of little education whose minds do not rise above rule-of-thumb methods, and who are too ignorant to appreciate the

value of trained service. Industry does not pay adequate salaries, and consequently it does not attract the best brains of the country.

The only thing that saves us in a certain measure is that Spain has a few cities like Barcelona and Bilbao where young men of the wealthiest families work their way up in the shops or factories of their fathers and uncles until they get a practical knowledge of the business. Madrid has a few banks that have been managed by two or three successive generations of the same families. Many members of our nobility are likewise showing a new spirit. They have begun to interest themselves in scientific farming, and in cultivating a market for their special brands of wine or olive oil. Absentee-landlordism is not as common as it used to be. If this movement grows, we shall be able to create in time a manufacturing industry of some importance, and to accumulate capital to develop our country. But we have a millstone around our necks at present in the steady drain of the Morocco war.

LINES

BY MARGARET SACKVILLE

[*Observer*]

MAGICIAN Time,
What secret thing
Lurks underneath
Your silent wing?

No stranger portent
Or surprise
Than *last* year seen
Through *this* year's eyes!