

These pictures were made in Chile— they might have been made in Germany

Germans in Chile maintain German schools and a Nazi party. They speak German, read German (see photo bottom next page), think German, look forward to the time when Germany shall dominate their adopted land. Even Germans who are citizens of Chile retain citizen status in Germany. And the liberal laws of Chilean democracy make it difficult to preserve that democracy against Nazi efforts to destroy it from within.



A Nazi ceremony in Santiago, Chile, attended by uniformed storm troopers and Nazi dignitaries. Until recently the German ambassador directed Chile's Nazis.

INSIDE SOUTH AMERICA

Where the Nazi invasion has already started

by John Gunther

EDITOR'S NOTE: John Gunther, whose "Inside Europe" and "Inside Asia" have sold just under a million copies, here gives the world a preview of his next "inside" book.

Recently I returned from a long visit to all the Latin-American republics. There are 20 of them. Count them—20. In German-trodden Europe today there are only eight independent countries surviving, Germany and Italy aside. In all the vastness of Asia there are only seven. Latin America

looms large as a repository of whatever political independence remains in this world

In each country I talked to journalists, scholars, men of affairs, business leaders, politicians—in and out of office—and I saw what I could of that very important individual, the man in the street.

As I return to the U.S.A., several adhesive impressions cling to my mind. They concern Fifth Columnism, politics and sociology, economics and defense.

FIFTH COLUMNISM: By this I mean, of course, totalitarian propaganda, espionage, and subversive activity—mainly by Germans.

There are a great number of Germans in South America. Many have become naturalized, but by German law they have double citizenship, and are considered full-fledged sons of the Reich, no matter how long they have lived away.

These are the approximate number of Germans in Latin-American states: in Peru, 3,300; Ecuador,

5,500; Colombia, 3,600; Venezuela, 4,000; Uruguay, 10,000; Paraguay, 18,000; Chile, 200,000; Argentina, 235,000; Brazil, 900,000. Counting in with these the folk born in South America of German parents, the figures mount to about a million in Argentina and well over two millions in Brazil.

Actual overt subversive activity is carried on, of course, by only a small group in each country. In each country the Fifth Columnists try to do several things:



The salute is Nazi, but the Chilean caption says the uniforms are Chilean and the two soldiers are Adjutant Friederichs, left, and Gen. Hans von Kiesling.

1 They attempt to purchase local newspapers; in almost every capital city there is at least one German-subsidized paper.

They distribute their official news service, Transocean—solid with Nazi propaganda—to all newspapers that will take it. Also they distribute doctrine in the form of leaflets, news bulletins and the like in great quantities.

2 The Fifth Columnists maintain very close touch with native Nazi groups and leaders—for instance, the local fascist parties—as, notably, in Chile (see pictures at top). Anything that keeps the political pot boiling serves their purpose, since the Nazis thrive on unrest and potential disorder. Anything anti-United States or anti-British is honey to their lips.

In several countries the Spanish Falange organization has become a leading Fifth Column agency. The reasons are obvious: Latin Americans speak Spanish (except in Brazil, where they speak Portuguese, and in Haiti, where they speak Cre-

ole and French); they hold close cultural and emotional ties to Spain; the Roman Catholic Church is powerful among them as it is in Spain.

After Franco's victory in Spain the influence of the Falange spread rapidly in Latin America. The Germans—especially in places where they faced difficulties—naturally enough used the Falange as a "front."

3 The Nazis try to influence officials and especially army officers of the government in power. They have plenty of money. They know how to spend it—for a bribe here, excessive hospitality there.

4 The Germans wield great influence through their local air services in the countries where they still possess them. German commercial aviation has been frozen out of Colombia and is having a hard fight in Ecuador, but it is still powerful in Peru, Bolivia and Brazil, and until recently, was conspicuous in Argentina and Chile.

5 Propaganda and military successes are used to persuade Latin

Americans that Germany will win the war, that they must be on good terms with the victor.

South Americans know they are virtually defenseless, and they are not sure how effectively we can help them. Therefore they hesitate to affront Germany, the colossus that may gobble them.

This sentiment is particularly strong in army circles, though it has diminished since the United States passed the Lease-Lend Bill.

6 Fifth Columnists take advantage of Latin-American fondness for



German paper printed in Santiago.

the Strong Man by assiduously propagating the Fuehrer Principle.

It is interesting to recall that for years much of South America was governed largely by despotism and violence. Many Latin Americans had been ashamed of this phase of their history. Then Hitler came along and gave a sort of moral sanction to despotism and violence. He erected a system out of them, and South Americans love systems.

As a result, many of them are tempted to see fascism as a kind of justification of their own historical past. They feel that Hitler gave them what might be called a valorization for their own history and present-day inclinations.

But don't think Latin America isn't fighting the Fifth Column. Cuba, for instance, has forbidden all antidemocratic propaganda; Brazil has closed all German schools.

But the German organizations continue secret activity in almost every country. What will eventually happen depends on the war in Europe. **CONTINUED ON NEXT PAGE**

Brazil has indigestion from too few markets and too many races

Getulio Vargas is the heir of other men's rapacity. Colonial Brazil was organized solely for the enrichment of imperialist Portuguese. It became a republic barely 50 years ago, without preparatory education of its colored masses. As a result, Brazil is still a "coffee colony" of Europe. More than anything else, it needs brains to exploit its great natural wealth.



Brazil has a Wild West. There President Vargas met this river Indian.



One of Brazil's most difficult sociological problems is well-illustrated by these faces.

INSIDE SOUTH AMERICA by John Gunther
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Indian, Negro, White, mixed and well-shaken

POLITICS AND SOCIOLOGY (mixed races): South America's standards of behavior are very different from ours. Politically, South America is democratic, but "democracy" there does not mean personal liberty for the citizen. It means political liberty for the state. South America should be judged by its standards, not by ours.

As a matter of fact, each of the Latin-American states should be judged by its own individual standards, as they are likely to be as different from each other as from us.

Take Uruguay and Paraguay. Uruguay is one of the most advanced countries in the world, Paraguay one of the most primitive. Uruguay is a nation of whites. Paraguay is the one nation where the Indian

absorbed the Spaniard instead of the other way around.

In the North lie the three countries, Venezuela, Colombia, Ecuador. Though geography binds them close, they have gone different ways since being freed from Spain. The story is that Venezuela became a barracks, Colombia a university, Ecuador a monastery.

There are other differences. In wealthy Venezuela, which lives on oil, the cost of living is about two and a half times as high as in New York City. But Ecuador, close by, is one of the poorest countries in the world. (More about economics later; see pages 12 and 13.)

Take Peru. It has its own special problems, the chief being "absentee capitalists." Its oil is owned by Canada and the United States, its minerals largely by the United States, its cotton partly by Japanese and Germans. The British control its railways, the Italians its banks, and the United States and Germany divide control of its sugar.

Bolivia, next door, is a one-crop country — if you can call tin, on which Bolivia lives, a crop. It is perhaps 90 per cent Indian.

But Chile, with which Bolivia has



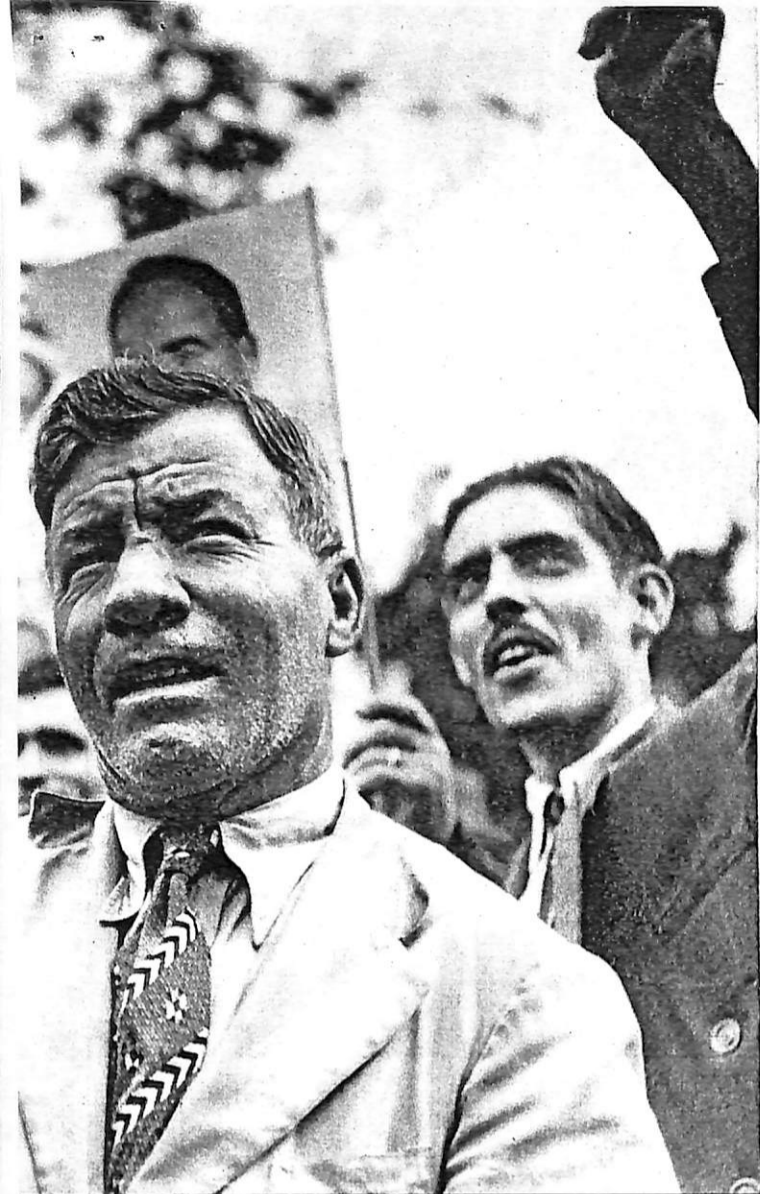
a common frontier, is predominantly white. Bolivia is ruled by the tin merchants and a military president. In sharp contrast, Chile has the only Popular Front government in the Americas. The Chileans have thrown the army leaders out, and communists in Chile are a steeply rising force.

Then there's Argentina. It lives on wheat and beef, it believes that it has a distinct imperial destiny, and is inclined to be haughty to its Latin-American neighbors.

Politically Argentina is fascinating if only for the odd fact that it has two presidents. One is sick, one is well, and they dislike each other intensely.

Argentina is dominated by a clique of landowning cattle breeders who — by fantastic skulduggery — manage to keep political power from 90 per cent of the people.

Finally, there is Brazil, which is almost as different from Argentina as China is from Japan. On the whole, the Brazilians are a mild



on which Indian and Negro features are recognizable.



President Vargas with his son and grandson, Getulio Vargas da Costa Gama Netto.

people, colorful and picturesque. Their great country—larger than the continental United States—is a magnificent reservoir of virtually untapped wealth.

Geographically, Brazil is nearer Europe than any other Latin-American state. Natal, Brazil, is 1,600 miles from Dakar in Africa. New York is 3,600 miles from Natal. And Brazil is a dictatorship—though Brazilians don't like to have you say so. But it is a dictatorship that has done much for the common people and that has considerable popular support.

The national differences are probably responsible for many of Latin America's national rivalries. In Argentina especially one hears other South American states mentioned with contempt.

I have heard Argentines call Venezuelans "savages" and Brazilians "Niggers." One eminent Argentine friend was petrified with horror that I should even contemplate visiting such a "barbarous" state as Paraguay.

But the national rivalries of South America are nothing like those of Europe. Though Peru and Ecuador dispute a frontier, they will not disrupt the continent. The reasons are: (1) the prevailing common language; (2) the influence of the United States for peace.

What the South American said to the North American about their grandmothers isn't polite talk down there.

Another main point I would make has to do with a ticklish sociological question. A Brazilian friend put it this way: "The great difference between North and South America is that you North Americans brought your wives with you."

What he meant, of course, is that the Pilgrim Fathers were in large part frontiersmen and settlers and that the millions of immigrants who followed them also

came as settlers and brought their wives. By contrast, the majority who journeyed to South America were soldiers, freebooters, adventurers, conquistadors. They came not to settle a continent but to loot it. And, in almost all countries, they interbred with the Indians.

Later the conquistadors imported Negro slaves. These mixed with whites and Indians.

Statistics tell part of the story. There are about 120,000,000 people in the 20 countries of Latin America. Of these not more than about 25,000,000 are pure white, and most of these whites are clustered in two or three countries.

There are about 15,000,000 pure Negroes in Latin America, mostly in the Caribbean area, and about 15,000,000 pure Indians, mostly in Mexico and the Andean highlands.

The rest are mestizos (of mixed blood)—some 65,000,000 people.

In chemistry we learned that a mixture is an unstable compound. A key to much that happens in

South America is the psychological instability that derives from a complex racial heritage.

By and large those countries which are purest white in blood—Chile, Argentina, Uruguay—are those which are healthiest politically and which are nearest to democracy. Argentina and Uruguay never had a Negro problem, and they exterminated most of their Indians quickly—as we did.

It would be misleading to assert that race is a dominant issue in South America. I am merely stating that it is a perplexing and important issue. It would be absurd to conclude that race problems alone retarded the development of some South American states. Other factors must be considered.

One is climatic. It is not easy to build a healthy state when the temperature is 85 and the humidity 90 the year round.

Another is economic. South America found it very difficult to get rich—for reasons which I shall now discuss. **CONTINUED ON NEXT PAGE**

Washington's big shots go out of their way to be "good neighbors"

When a Douglas Fairbanks Jr. goes to South America, you read about him and about Nelson Rockefeller. But when South American imports rise or a loan is made to Chile, when a North American air line expands below the Rio Grande or a steel mill is built in Brazil—Rockefeller has a hand in that, too. His job is to cultivate business as well as cultural relations with Latin America. These pictures show him working hard at both.

Jesse Jones visualizes the resources of Brazil in a discussion with Nelson Rockefeller. Jones is the man who grants or denies loans to our neighbors.

INSIDE SOUTH AMERICA by John Gunther
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War costs the Latins a cool billion a year

ECONOMICS AND DEFENSE—two places where our interest and South America's join: Most South American states live by exporting raw materials. Most, moreover, are one-crop or one-product countries (see list in box at right).

What I should like to point out is the effect of the present war on South American economy.

South American trade has traditionally been based on Europe. This was natural, since Europe needed South American raw materials.

Moreover, United States trade was frequently a competitor of South American trade, since we produced so many of the same exports—beef, oil, copper, wheat. So the bulk of South American trade went normally to European markets. In 1939, 55 per cent of all

Latin-American exports were bought by European countries, and, in turn, Europe provided 45 per cent of all Latin American imports.

The effect of the war on South America has been disastrous. We all know that Europe is blockaded by the war. But we do not realize that the obverse is also true, that South America is necessarily blockaded, too, since Europe is. The Brit-

ALL THEIR EGGS IN ONE BASKET

Venezuela lives on oil.
Colombia lives on coffee.
Ecuador lives on cocoa.
Peru lives on minerals.
Bolivia lives on tin.
Chile lives on copper, nitrates.
Argentina lives on wheat, beef.
Uruguay lives on beef.
Paraguay lives on lumber, grains and meat.
Brazil lives on coffee.

ish fleet on the one hand, the German raiders and subs on the other, are a double barrier. When Europe cannot import goods, South America cannot export them.

It is difficult in the extreme to procure accurate, up-to-the-minute statistics on the amount of loss. But Brazilians estimate that they have lost about 45 per cent of their total foreign trade. Argentineans set their loss at 40 per cent.

The loss for Latin America as a whole is probably between 35 and 40 per cent—which is staggering. As the war goes on, as the blockade continues, the loss may grow.

Political unrest is likely to follow economic hardship, as we well know. And political explosion is apt to follow unrest which has its roots in economic disintegration, not merely in South America but anywhere. If only for this reason, the struggle for trade survival in South America is of profound importance to the United States.

Obviously we cannot alone buy all the mounting South American

surpluses. To do so would cost well over a billion dollars a year. But we can help to ameliorate this critical position—for our own good as well as that of South America—by a variety of means (see next page).

What of hemisphere defense?—just how solid is our "continental solidarity"?

The economics of the South American states, as well as their attitudes toward fascism and democracy, brings us finally to questions of continental solidarity and hemispheric defense.

First, continental solidarity: The United States Good Neighbor policy has been a decided success. This is a simple, incontrovertible fact. It would be difficult indeed for any conscientious observer to visit the



Rockefeller with his cultural advisor, Robert G. Caldwell, former minister to Bolivia . . .



With steel's Stettinius, with whom he discusses priorities on South American products . . .



With Secretary Hull (center) and Don Manuel de Freyre y Santander, Peru's ambassador . . .



Receiving an abrazo from Brazilian Ambassador Carlos Martin. He spoke Portuguese here . . .



But Spanish to Vice President Wallace. Rockefeller learned Spanish as a youth, Wallace just last year.

20 Latin-American states without coming to this simple conclusion. Eight years of Good Neighborliness have convinced all Latin America that we do mean well. We did not intervene in Cuba when Machado fell. We did not intervene in Mexico when Cardenas expropriated foreign oil properties.

Continental solidarity is more nearly a fact today than it has ever been before.

Second, hemisphere defense: The problem facing the United States is double. We must guard against two dangers in the event of a Nazi victory in Europe, or in the event the war is very long drawn out.

One danger is that of actual German invasion. And be it remembered that Dakar, on the bulge of Africa, is less than half as far from Natal, on the bulge of Brazil, as New York is (see page 11).

The other danger is that of a Nazi-instigated *coup d'état* in some state vital to us. Such a *coup d'état* was squelched in Uruguay last year, in Bolivia late last month.

Our best defense against such action is, of course, the maintenance of close and cordial political relations with every Latin American country. Should an overtly German government be established

anywhere in South America, our problem would indeed be difficult.

We should either have to accept an unpleasant and dangerous precedent or take military action. An ounce of prevention is worth a ton

of bombs. Therefore, the United States must strive to keep contact intimate, and its relations close with all Latin America.

Third, and finally, the future of South America depends very largely on the outcome of the war in Europe. If Germany should win the war, all South America may be lost. The temptation to South America to play the German game—no matter what the United States does—will be almost irresistible.

More than one country is on the fence at this moment (though they don't admit it) waiting to see whether Britain or Germany wins. They may *want* Britain to win—emotionally—but if Germany is a clear-cut victor they will be tempted to take the German side out of regard for their own security.

The responsibility of the United States in this circumstance is enormous. If we should go to war against Germany, officially, now, most of the Latin-American states would follow us. If we don't, they will wait to see what happens. **END**

WHAT WE CAN — AND MUST — DO ABOUT IT

- 1 Get over the idea that we can have good economic relations with our neighbors by selling and not buying. We must prepare to help all the American nations get rid of their mounting surpluses.
- 2 Squeeze out all the German commercial air lines in South America. An excellent start has been made on this.
- 3 Establish, without coercion, advisory naval, military and air missions in every Latin-American country.
- 4 Persuade Brazil to allow us base facilities at Natal, though Natal should, of course, remain under Brazilian sovereignty.
- 5 Counteract Fifth Columnism by a positive propaganda for the American democracies—especially by making our radio better.
- 6 Maintain the Good Neighbor policy and see to it that relations with every Latin-American state remain intimate and cordial.

WHAT BOMBING DOES TO *British Babies*

by ANNA FREUD

EDITOR'S NOTE: Like her father, the late Sigmund Freud, Anna Freud is a psychoanalyst. She directs three Children's Colonies in England for the Foster Parents' Plan for War Children,* which is financed by U. S. funds.

Night after night bombs scream down from the sky over England, leaving terrible scars of death and destruction. But it is a thrilling fact that babies, 10 minutes after being rescued from crushed homes, have smiled and dropped peacefully off to sleep.

We are discovering that even the most tragic experiences seldom leave babies shell-shocked. But so great is a child's love for its parents that what bombs cannot do a sudden separation from its mother can. Time after time little boys and girls, sparkling with gaiety when brought to us, turn into sullen neurotics after such a separation.

Miraculously, a gradual separation from the mother leaves no such psychic scars. And so, by extending separations over several days, we have made a long stride forward in our struggle to enable these blitzkrieged babies to develop into normal human beings.

*55 W. 42nd St., New York City



NURSED BACK TO HEALTH, this blitzed baby will spend the rest of the war in a Children's Colony. Although few children are shell-shocked by total war, some become afraid of bombing when parents show

anxiety. Most children admitted to our nurseries have "shelter bronchitis" and need weeks of careful nursing. Without such special care, infants will not develop normally in a war-torn world.



BOMBED BABIES play on some of England's loveliest estates, which have been turned into nurseries. Far from likely military objectives, these colonies offer safety and the peaceful atmosphere essential for

growing children. Trained women supervise cooking, laundry and health, and those mothers who are able to stay with their children help out with the work. Shortages of meat, sugar and fresh fruit make cater-

ing difficult, but tradesmen see to it that the children get the best of everything available. Those who supply the nurseries we direct take great pride in the fact that most of our children are gaining weight.