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Montevideo, 1970

Introduction: 120 Million Children in the Eye of the Hurricane

The division of labor among nations is that some specialize in winning and others in losing. Our part of the world, known today as Latin America, was precocious: it has specialized in losing ever since those remote times when Renaissance Europeans ventured across the ocean and buried their teeth in the throats of the Indian civilizations. Centuries passed, and Latin America perfected its role. We are no longer in the era of marvels when fact surpassed fable and imagination was shamed by the trophies of conquest—the lodes of gold, the mountains of silver. But our region still works as a menial. It continues to exist at the service of others' needs, as a source and reserve of oil and iron, of copper and meat, of fruit and coffee, the raw materials and foods destined for rich countries which profit more from consuming them than Latin America does from producing them. The taxes collected by the buyers are much higher than the prices received by the sellers; and after all, as Alliance for Progress coordinator Covey T. Oliver said in July 1968, to speak of fair prices is a "medieval" concept, for we are in the era of free trade.

The more freedom is extended to business, the more prisons have to be built for those who suffer from that business. Our inquisitor-hangman systems function not only for the dominating external markets; they also provide gushers of profit from foreign loans and investments
in the dominated internal markets. Back in 1913, President Woodrow Wilson observed: "You hear of 'concessions' to foreign capitalists in Latin America. You do not hear of concessions to foreign capitalists in the United States. They are not granted concessions." He was confident: "States that are obliged . . . to grant concessions are in this condition, that foreign interests are apt to dominate their domestic affairs . . . ." he said, and he was right.¹ Along the way we have even lost the right to call ourselves Americans, although the Haitians and the Cubans appeared in history as new people a century before the Mayflower pilgrims settled on the Plymouth coast. For the world today, America is just the United States; the region we inhabit is a sub-America, a second-class America of nebulous identity.

Latin America is the region of open veins. Everything, from the discovery until our times, has always been transmuted into European—or later United States—capital, and as such has accumulated in distant centers of power. Everything: the soil, its fruits and its mineral-rich depths, the people and their capacity to work and to consume, natural resources and human resources. Production methods and class structure have been successively determined from outside for each area by meshing it into the universal gearbox of capitalism. To each area has been assigned a function, always for the benefit of the foreign metropolis of empire. The chain has many more than two links. In Latin America it also includes the oppression of small countries by their larger neighbors and, within each country's frontiers, the exploitation by big cities and ports of their internal sources of food and labor. (Four centuries ago sixteen of today's twenty biggest Latin American cities already existed.)

For those who see history as a competition, Latin America's backwardness and poverty are merely the result of its failure. We lost; others won. But the winners happen to have won thanks to our losing: the history of Latin America's underdevelopment is, as someone has said, an integral part of the history of world capitalism's development. Our defeat was always implicit in the victory of others; our wealth has always generated our poverty by nourishing the prosperity of others—the empires and their native overseers. In the colonial and neocolonial alchemy, gold changes into scrap metal and food into poison. Potosí, Zacatecas, and Ouro Preto became desolate warrens of deep, empty tunnels from which the precious metals had been taken; ruin was the fate of Chile's nitrate pampas and of Amazonia's rubber forests. Northeast Brazil's sugar and Argentina's quebracho belts, and communities around oil-rich Lake Maracaibo, have become painfully aware of the mortality of wealth which nature bestows and imperialism appropriates. The rain that irrigates the centers of imperialist power drowns the vast suburbs of the system. In the same way, and symmetrically, the well-being of our dominating classes—dominating inwardly, dominated from outside—is the curse of our multitudes condemned to exist as beasts of burden.

The gap widens. Around the middle of the last century the world's rich countries enjoyed a 50 percent higher living standard than the poor countries. Development develops inequality: in April 1969 Richard Nixon told the Organization of American States (OAS) that by the end of the twentieth century the United States' per capita income would be fifteen times higher than Latin America's. The strength of the imperialist system as a whole rests on the necessary inequality of its parts, and this inequality assumes ever more dramatic dimensions. The oppressor countries get steadily richer in absolute terms—and much more so in relative terms—through the dynamic of growing disparity. The capitalist "head office" can allow itself the luxury of creating and believing its own myths of opulence, but the poor countries on the capitalist periphery know that myths cannot be eaten. The United States citizen's average income is seven times that of a Latin American and grows ten times faster. And averages are deceptive in view of the abyss that yawns between the many poor and the rich few south of the Rio Grande. According to the United Nations, the amount shared by 6 million Latin Americans at the top of the social pyramid is the same as the amount shared by 140 million at the bottom. There are 60 million campesinos whose fortune amounts to $25 a day. At the other extreme, the pimps of misery accumulate $5 billion in their private Swiss or U.S. bank accounts. Adding insult to injury, they squander in sterile ostentation and luxury, and in unproductive investments constituting no less than half the total investment, the capital that Latin America could devote to the replacement, extension, and generation of job-creating means of production. Harnessed as they have always been to the constellation of imperialist power, our ruling classes have no interest whatsoever in determining whether patriotism might not prove more profitable than
treason, and whether begging is really the only formula for international politics. Sovereignty is mortgaged because "there's no other way." The oligarchs' cynical alibis confuse the impotence of a social class with the presumed empty destinies of their countries.

Says Josué de Castro: "I, who have received an international peace prize, think that, unhappily, there is no other solution than violence for Latin America." In the eye of this hurricane 120 million children are stirring. Latin America's population grows as does no other: it has more than tripled in half a century. One child dies of disease or hunger every minute, but in the year 2000 there will be 650 million Latin Americans, half of whom will be under fifteen: a time bomb. Among the 280 million Latin Americans of today, 50 million are unemployed or underemployed and about 100 million are illiterate; half of them live in crowded, unhealthy slums. Latin America's three largest markets—Argentina, Brazil, and Mexico—together consume less than France or West Germany, although their combined population considerably exceeds that of any European country. In proportion to population, Latin America today produces less food than it did before World War II, and at constant prices there has been a threefold decline in its per capita exports since the eve of the 1929 crisis.

For its foreign masters and for our commission-agent bourgeoisie, who have sold their souls to the devil at a price that would have shamed Faust, the system is perfectly rational; but for no one else, since the more it develops, the greater its disequilibrium, its tensions, and its contradictions. Even industrialization—coming late and in dependent form, and comfortably coexisting with the latifundia and the structures of inequality—helps to spread unemployment rather than to relieve it; poverty is extended, wealth concentrated in the area where an ever multiplying army of idle hands is available. New factories are built in the privileged poles of development—São Paulo, Buenos Aires, Mexico City—but less and less labor is needed. The system did not foresee this small headache, this surplus of people. And the people keep reproducing. They make love with enthusiasm and without precaution. Ever more people are left beside the road, without work in the countryside, where the latifundios reign with their vast extensions of idle land, without work in the city where the machine is king. The system vomits people. North American missionaries sow pills, diaphragms, and marked calendars, but reap children. Latin American children obstinately continue getting born, claiming their natural right to a place in the sun in these magnificent lands which could give to all what is now denied to almost all.

At the beginning of November 1968 Richard Nixon loudly confirmed that the Alliance for Progress was seven years old and that malnutrition and food shortages had nevertheless intensified in Latin America. A few months earlier, in April, George W. Ball wrote in Life: "But at least for the next several decades, the discontent of poorer nations does not threaten world destruction. Shameful as it undoubtedly may be, the world has lived at least two-thirds poor and one-third rich for generations. Unjust as it may be, the power of poor countries is limited." Ball had headed the U.S. delegation to the First Conference on Trade and Development in Geneva, and had voted against nine of the twelve general principles approved by the conference for removing some of the handicaps of the underdeveloped countries in international trade.

The human murder by poverty in Latin America is secret; every year, without making a sound, three Hiroshima bombs explode over communities that have become accustomed to suffering with clenched teeth. This systematic violence is not apparent but is real and constantly increasing: its holocausts are not made known in the sensational press but in Food and Agricultural Organization statistics. Ball says that it is still possible to act with impunity because the poor cannot set off a world war, but the Imperium is worried: unable to multiply the dinner, it does what it can to suppress the diners. "Fight poverty, kill a beggar!" some genius of black humor scrawled on a wall in La Paz. What do the heirs to Malthus propose to kill all the beggars-to-be before they are born? Robert McNamara, the World Bank president who was chairman of Ford and then secretary of defense, has called the population explosion the greatest obstacle to progress in Latin America; the World Bank, he says, will give priority in its loans to countries that implement birth control plans. McNamara notes with regret that the brains of the poor do 25 percent less thinking, and the World Bank technocrats (who have already been born) set computers humming to produce labyrinthine abracadabras on the advantages of not being born: "If," one of the Bank's documents assures us, "a developing country with an average per capita
income of $150 to $200 a year succeeds in reducing its fertility by 50 percent in a period of twenty-five years, at the end of thirty years its per capita income will be higher by at least 40 percent than the level it would otherwise have achieved, and twice as high after sixty years.” Lyndon B. Johnson’s remark has become famous: “Let us act on the fact that less than $5 invested in population control is worth $100 invested in economic growth.” Dwight D. Eisenhower prophesied that if the world’s inhabitants continued multiplying at the same rate, not only would the danger of revolution be increased, but there would also be a lowering of living standards for all peoples, including his own.

The United States is more concerned than any other country with spreading and imposing family planning in the farthest outposts. Not only the government, but the Rockefeller and the Ford foundations as well, have nightmares about millions of children advancing like locusts over the horizon from the third world. Plato and Aristotle considered the question before Malthus and McNamara; in our day this global offensive plays a well-defined role. Its aim is to justify the very unequal income distribution between countries and social classes, to convince the poor that poverty is the result of the children they don’t avoid having, and to dam the rebellious advance of the masses. While intrauterine devices compete with bombs and machine-gun salvos to arrest the growth of the Vietnamese population, in Latin-America it is more hygienic and effective to kill guerrilleros in the womb than in the mountains or the streets. Various U.S. missions have sterilized thousands of women in Amazonia, although this is the least populated habitable zone on our planet. Most Latin American countries have no real surplus of people; on the contrary, they have too few. Brazil has thirty-eight times fewer inhabitants per square mile than Belgium, Paraguay has forty-nine times fewer than England, Peru has thirty-two times fewer than Japan. Haiti and El Salvador, the human antheaps of Paraguay, and Venezuela has no inhabitants at all. No Latin American population grows less than Uruguay’s—a country of old folk—yet no nation has taken such a beating in recent years, with a crisis that would seem to drag it into the last circle of hell. Uruguay is empty, and its fertile lands could provide food for infinitely more people than those who now suffer in such penury.

Over a century ago a Guatemalan foreign minister said prophetically: “It would be strange if the remedy should come from the United States, the same place which brings us the disease.” Now that the Alliance for Progress is dead and buried the Imperium proposes, more in panic than in generosity, to solve Latin America’s problems by eliminating Latin Americans: Washington has reason to suspect that the poor peoples don’t prefer to be poor. But it is impossible to desire the end without desiring the means. Those who deny liberation to Latin America also deny our only possible rebirth, and incidentally absolve the existing structures from blame. Our youth multiplies, rises, listens: what does the voice of the system offer? The system speaks a surrealistic language. In lands that are empty it proposes to avoid births; in countries where capital is plentiful but wasted it suggests that capital is lacking; it describes as “aid” the deforming orthopedics of loans and the draining of wealth that results from foreign investment; it calls upon big landowners to carry out agrarian reforms and upon the oligarchy to practice social justice. The class struggle only exists, we are told, because foreign agents stir it up; but social classes do exist and the oppression of one by the other is known as the Western way of life. The Marines undertake their criminal expeditions only to restore order and social peace; the dictatorships linked to Washington lay foundations in their jails for the law-abiding state, and ban strikes and smash trade unions to protect the freedom to work.

Is everything forbidden us except to fold our arms? Poverty is not written in the stars; underdevelopment is not one of God’s mysterious designs. Redemptive years of revolution pass; the ruling classes wait and meanwhile pronounce hellfire anathema on everybody. In a sense the right wing is correct in identifying itself with tranquility and order: it is an order of daily humiliation for the majority, but an order nonetheless; it is a tranquillity in which injustice continues to be unjust and hunger to be hungry. If the future turns out to be a Pandora’s box, the conservative has reason to shout, “I have been betrayed.” And the ideologists of impotence, the slaves who look at themselves with the master’s eyes, are not slow to join in the outcry. The bronze eagle of the Maine, thrown down on the day the Cuban Revolution triumphed, now
lies abandoned, its wings broken, in a doorway in the old town in Havana. Since that day in Cuba, other countries have set off on different roads on the experiment of change: perpetuation of the existing order of things is perpetuation of the crime. Recovery of the resources that have always been usurped is recovery of our destiny.

The ghosts of all the revolutions that have been strangled or betrayed through Latin America’s tortured history emerge in the new experiments, as if the present had been foreseen and begotten by the contradictions of the past. History is a prophet who looks back: because of what was, and against what was, it announces what will be. And so this book, which seeks to chronicle our despoliation and at the same time explain how the current mechanisms of plunder operate, will present in close proximity the caravelled conquistadors and the jet-propelled technocrats; Hernán Cortés and the Marines; the agents of the Spanish Crown and the International Monetary Fund missions; the dividends from the slave trade and the profits of General Motors. And, too, the defeated heroes and revolutions of our time, the infamies and the dead and resurrected hopes: the fertile sacrifices. When Alexander von Humboldt investigated the customs of the ancient inhabitants of the Bogotá plateau, he found that the Indians called the victims of ritual ceremonies *quihica*. *Quihica* meant “door”; the death of each chosen victim opened the door to a new cycle of 185 moons.

Part I

Mankind’s Poverty as a Consequence of the Wealth of the Land
When Christopher Columbus headed across the great emptiness west of Christendom, he had accepted the challenge of legend. Terrible storms would play with his ships as if they were nutshells and hurl them into the jaws of monsters; the sea serpent, hungry for human flesh, would be lying in wait in the murky depths. According to fifteenth-century man, only 1,000 years remained before the purifying flames of the Last Judgment would destroy the world, and the world was then the Mediterranean Sea with its uncertain horizons: Europe, Africa, Asia. Portuguese navigators spoke of strange corpses and curiously carved pieces of wood that floated in on the west wind, but no one suspected that the world was about to be startlingly extended by a great new land.

America not only lacked a name. The Norwegians did not know they had discovered it long ago, and Columbus himself died convinced that he had reached Asia by the western route. In 1492, when Spanish boats first trod the beaches of the Bahamas, the Admiral thought these islands were an outpost of the fabulous isle of Zipango—Japan. Columbus took along a copy of Marco Polo's book, and covered its margins with notes. The inhabitants of Zipango, said Marco Polo, "have gold in the greatest abundance, its sources being inexhaustible. . . . In this island there are pearls also, in large quantities, of a red color, round in shape, and of
The wealth of Zipango had become known to the Great Kubla Khan, stirring a desire to conquer it, but he had failed. Out of Marco Polo’s sparkling pages leaped all the good things of creation: there were nearly 13,000 islands in the Indian seas, with mountains of gold and pearls and twelve kinds of spices in enormous quantities, in addition to an abundance of white and black pepper.

Pepper, ginger, cloves, nutmeg, and cinnamon were as prized as salt in preserving meat against putrefaction and loss of flavor in winter. Spain’s Catholic rulers decided to finance the adventure to get direct access to the sources and to free themselves from the burdensome chain of intermediaries and speculators who monopolized the trade in spices and tropical plants, muslins and sidearms, from the mysterious East. The desire for precious metals, the medium of payment in commercial dealings, also sparked the crossing of the sinister seas. All of Europe needed silver; the seams in Bohemia, Saxony, and the Tyrol were almost exhausted.

For Spain it was an era of reconquest: 1492 was not only the year of the discovery of America, the new world born of that error which had such momentous consequences, but also of the recovery of Granada. Early that year Ferdinand of Aragon and Isabella of Castile, whose marriage had linked their dominions, stormed the last Arab redoubt on Spanish soil. It had taken nearly eight centuries to win back what was lost in seven years, and the war of reconquest had drained the royal treasury. But this was a holy war, a Christian war against Islam; and it was no accident that, in that same year of 1492, 150,000 Jews were expelled from the country. Spain achieved unity and reality as a nation wielding swords with the Sign of the Cross on their hilts. Queen Isabella became the patroness of the Holy Inquisition. The feat of discovering America can only be understood in the context of the tradition of crusading wars that prevailed in medieval Castile; the Church needed no prompting to provide a halo for the conquest of unknown lands across the ocean. Pope Alexander VI, who was Spanish, ordained Queen Isabella as proprietor and master of the New World. The expansion of the kingdom of Castile extended God’s reign over the earth.

Three years after the discovery Columbus personally directed the military campaign against the natives of Haiti, which he called Española. The desire for precious metals, the medium of payment in commercial dealings, also sparked the crossing of the sinister seas. All of Europe needed silver; the seams in Bohemia, Saxony, and the Tyrol were almost exhausted.

America was the vast kingdom of the Devil, its redemption impossible or doubtful; but the fanatical mission against the natives’ heresy was mixed with the fever that New World treasures stirred in the conquering hosts. Bernal Díaz del Castillo, faithful comrade of Hernán Cortés in the conquest of Mexico, wrote that they had arrived in America “to serve God and His Majesty and also to get riches.”

At his first landing on San Salvador atoll, Columbus was dazzled by the transparent hues of the Caribbean, the green landscape, the soft clean air, the magnificent birds, and the youths “with size and with good faces and well made” who lived there. He gave the natives “some red caps and strings of beads, and many other trifles of small value, which gave them great pleasure. Wherewith they were much delighted, and this made them so much our friends that it was a marvel to see.” They knew nothing of swords, and when these were shown to them they grasped the sharp edges and cut themselves. Meanwhile, as the Admiral relates in his logbook, “I was very attentive to them, and strove to learn if they had any gold. Seeing some of them with little bits of metal hanging at their noses, I gathered from them by signs that by going southward or steering round the island in that direction, there would be found a king who possessed great cups full of gold, and in large quantities.” For “of gold is treasure made, and with it he who has it does as he wills in the world and it even sends souls to Paradise.”
On his third voyage, Columbus still believed he was in the China Sea when he was off the coast of Venezuela. This did not prevent him from reporting that an endless land which was earthly paradise extended from there. Later Amerigo Vespucci, an early sixteenth-century explorer of the Brazilian coast, reported to Lorenzo de Médicis: “The trees are of such beauty and sweetness that we felt we were in earthly paradise.”

In 1503 Columbus wrote to his monarchs from Jamaica: “When I discovered the Indies, I said they were the greatest rich domain in the world. I spoke of the gold, pearls, precious stones, spices...”

In the Middle Ages a small bag of pepper was worth more than a man’s life, but gold and silver were the keys used by the Renaissance to open the doors of paradise in heaven and of capitalist mercantilism on earth. The epic of the Spaniards and Portuguese in America combined propagation of the Christian faith with usurpation and plunder of native wealth. European power stretched out to embrace the world. The virgin lands, bristling with jungles and dangers, fanned the flames of avarice among the captains, the _hidalgos_ on horseback, and the ragged soldiers who went out after the spectacular booty of war: they believed in glory, in “the sun of the dead,” and in the key to achieving it, which Cortés defined thus: “Fortune favors the daring.” Cortés himself had mortgaged everything he owned to equip his Mexican expedition. With a few exceptions—Columbus, Pedrarias Dávila, Magellan—the expeditions of conquest were not financed by the state but by the conquistadors themselves, or by businessmen who put up money for their ventures.

The myth of El Dorado, the golden king, was born: golden were the streets and houses of his kingdom’s cities. In search of El Dorado a century after Columbus, Sir Walter Raleigh sailed up the Orinoco and was defeated by its cataracts. The will-o’-the-wisp of the “mountain that gushed silver” became a reality in 1545 with the discovery of Potosí, but before this many adventurers who sailed up the Río Paraná in a vain search for the silver spring had died of hunger or disease or pierced by native arrows.

There was indeed gold and silver in large quantities, accumulated in the Mexican plateau and the Andean _alipiano_. In 1519 Cortés told Spain of the fabulous magnitude of Montezuma’s Aztec treasure, and fifteen years later there arrived in Seville the gigantic ransom—a roomful of gold and two of silver—which Francisco Pizarro had made the Inca Atahualpa pay before strangling him. Years earlier the Crown had paid the sailors on Columbus’s first voyage with gold carried off from the Antilles. The Caribbean island populations finally stopped paying tribute because they had disappeared: they were totally exterminated in the gold mines, in the deadly task of sifting auriferous sands with their bodies half submerged in water, or in breaking up the ground beyond the point of exhaustion, doubled up over the heavy cultivating tools brought from Spain. Many natives of Haiti anticipated the fate imposed by their white oppressors: they killed their children and committed mass suicide. The mid-sixteenth-century historian Fernández de Oviedo interpreted the Antillean holocaust thus: “Many of them, by way of diversion, took poison rather than work, and others hanged themselves with their own hands.”

**The Gods Return with Secret Weapons**

While passing Tenerife on his first voyage, Columbus had witnessed a great volcanic eruption. It seemed an omen of all that would come later in the immense new lands which, surprisingly, stood athwart the western route to Asia. America was there—at first the subject of conjecture from its endless coasts, then conquered in successive waves like a furious tide beating in. Admirals gave place to governors, ships’ crews were converted into invading hosts. Papal bulls had apostolically granted Africa to the Portuguese Crown, and the lands “unknown like those already discovered by your envoys and those to be discovered in the

*The lawyer Antonio de León Pinelo devoted two entire volumes to demonstrating that the Garden of Eden was in America. In _El Paraíso en el Nuevo Mundo_ (1656) he had a map of South America showing, in the center, the Garden of Eden watered by the Amazon, the Río de la Plata, the Orinoco, and the Magdalena. The forbidden fruit was the banana. The map showed the exact spot from which Noah’s Ark took off at the time of the Flood.*

* His interpretation founded a school. I am amazed to read, in the latest (1970) book by the French technician René Dumont, _Cuba: Is It Socialist?: “The Indians were not totally exterminated. Their genes subsist in Cuban chromosomes. They felt such an aversion for the tension which continuous work demands that some killed themselves rather than accept forced labor...”*
Francisco Lisboa—"Aleijadinho"—"Little Cripple," genius son of a female slave and a famous artisan. The eighteenth century was coming to a close when "Aleijadinho" began carving in stone a group of large sacred figures in the garden of the Bom Jesus do Matosinhos church in Congonhas do Campo. The work was called "The Prophets," but there was no longer any glory in prophesying. The gold euphoria was a thing of the past; all the pomp and gaiety had vanished and there was no room for hope. This dramatic final testimony, like a grand monument to the fleeting gold civilization that was born to die, was left to succeeding generations by the most talented artist in all Brazil's history. "Aleijadinho," disfigured and crippled by leprosy, created his masterpiece with chisel and hammer tied to fingerless hands, dragging himself on his knees to his workshop every morning.

Legend insists that in the Nossa Senhora das Mercês e Misericordia church in Minas Gerais, dead miners still celebrate mass on cold rainy nights. When the priest turns around, raising his arms from the high altar, one sees the bones of his face.

2. King Sugar and Other Agricultural Monarchs

Undoubtedly gold and silver were the main motivating force in the Conquest, but Columbus on his second voyage brought the first sugarcane roots from the Canary Islands and planted them in what is now the Dominican Republic. To the Admiral's joy they took hold rapidly. Grown and refined on a small scale in Sicily, Madeira, and the Cape Verde Islands, and purchased in the Orient at high prices, sugar was so precious to Europeans that it figured in the dowries of queens. It was sold in pharmacies, weighed out by the gram. For almost three centuries after the discovery of America no agricultural product had more importance for European commerce than American sugar. Canefields were planted in the warm, damp littoral of Northeast Brazil; then in the Caribbean islands—Barbados, Jamaica, Haiti, Santo Domingo, Guadeloupe, Cuba, Puerto Rico—and in Veracruz and the Peruvian coast, which proved to be ideal terrain for the "white gold." Legions of slaves came from Africa to provide King Sugar with the prodigal, wageless labor force he required: human fuel for the burning. The land was devastated by this selfish plant which invaded the New World, felling forests, squandering natural fertility, and destroying accumulated soil humus. The long sugar cycle generated a prosperity as mortal as the
prosperity generated by the silver and gold of Potosí, Ouro Prêto, Zacatecas, and Guanajuato. At the same time, directly or indirectly but decisively, it spurred the growth of Dutch, French, English, and U.S. industry.

The demand for sugar produced the plantation, an enterprise motivated by its proprietor’s desire for profit and placed at the service of the international market Europe was organizing. Internally, however—since it was to a considerable extent self-sufficient—the plantation was feudal in many important aspects, and its labor force consisted mainly of slaves. Thus three distinct historical periods—mercantilism, feudalism, slavery—were combined in a single socioeconomic unit. But in the constellation of power developed by the plantation system, the international market soon took the center of the stage.

Subordinated to foreign needs and often financed from abroad, the colonial plantation evolved directly into the present-day latifundio, one of the bottlenecks that choke economic development and condemn the masses to poverty and a marginal existence in Latin America today. The latifundio as we know it has been sufficiently mechanized to multiply the labor surplus, and thus enjoys an ample reserve of cheap hands. It no longer depends on the importation of African slaves or on the encomienda of Indians; it merely needs to pay ridiculously low or in-kind wages, or to obtain labor for nothing in return for the laborer’s use of a minute piece of land. It feeds upon the proliferation of minifundios—pocket-sized farms—resulting from its own expansion, and upon the constant internal migration of a legion of workers who, driven by hunger, move around to the rhythm of successive harvests.

The plantation was so structured as to make it, in effect, a sieve for the draining-off of natural wealth, and today the latifundio functions in the same way. Each region, once integrated into the world market, experiences a dynamic cycle; then decay sets in with the competition of substitute products, the exhaustion of the soil, or the development of other areas where conditions are better. The initial productive drive fades with the passing years into a culture of poverty, subsistence economy, and lethargy. The Northeast was Brazil’s richest area and is now its poorest; in Barbados and Haiti human anthems live condemned to penury; in Cuba sugar became the master key for U.S. domination, at the price of monoculture and the relentless impoverishment of the soil.

And this has not been the role of sugar alone: the story has been the same with cacao, which made the fortunes of the Caracas oligarchy; with the spectacular rise and fall of cotton in Maranhão; with the Amazonian rubber plantations, which became the cemeteries of Northeastern workers recruited for a few pennies; with the devastated quebracho forests in northern Argentina and Paraguay; with Yucatán’s henequen plantations, where Yaqui Indians were sent for extermination. It is also the story of coffee, which advances leaving deserts behind it, and of fruit plantations in Brazil, Colombia, Ecuador, and the unhappy lands of Central America. Each product has come to embody the fate of countries, regions, and peoples; and mineral-producing communities have, of course, traveled the same melancholy road. The more a product is desired by the world market, the greater the misery it brings to the Latin American peoples whose sacrifice creates it. The area least affected by this iron law has been Río de la Plata, feeding the international market with its hides, meat, and wool; yet even it has been unable to break out of the cage of underdevelopment.

**HOW THE SOIL WAS RAVAGED IN NORTHEAST BRAZIL**

Because they discovered precious metals first, the Spaniards only began raising sugar in their colonies—initially in Santo Domingo, then in Veracruz, Peru, and Cuba—as a secondary activity. Brazil, on the other hand, became the world’s largest sugar producer and remained so until the middle of the seventeenth century. Portugal’s Latin American colony was also the chief market for slaves; native workers, always scarce, were rapidly killed off by the forced labor, and sugar needed thousands of hands to clear and prepare the ground, to plant, harvest, transport, grind, and refine the cane. Brazilian colonial society flourished in Bahia and Pernambuco as a sub-product of sugar until the discovery of gold moved its center to Minas Gerais.

The Portuguese Crown granted lands in usufruct to Brazil’s first big landlords. The feats of conquest proceeded in tandem with the organization of production. Twelve “captains” received by written grant the whole of the vast unexplored territory, to be exploited in the king’s service. However, the business was mostly financed by Dutch capital.
and thus became more Flemish than Portuguese. Dutch entrepreneurs not only participated in establishing sugar estates and importing slaves; they also picked up the crude sugar in Lisbon, refined it, sold it in Europe, and pocketed a third of its value in profits. In 1630 the Dutch West India Company invaded and conquered the northeast coast of Brazil and took over direct control of sugar production. To multiply their profits, the sources of sugar had to be multiplied, and the company offered the British in Barbados all facilities to start massive production in the Antilles. It brought Caribbean colonists to Brazil to acquire technical and organizational knowledge. When the Dutch were finally thrown out of the Brazilian Northeast in 1654, they had already laid the foundations for intense and ruinous competition by Barbados. They had taken slaves and cane-roots there, had set up sugar estates, and had provided all the implements. Brazilian exports plummeted to half of what they had been, and sugar prices were halved by the end of the seventeenth century. Meanwhile, Barbados's black population increased tenfold in a few decades. The Antilles were nearer to the European market, and Barbados developed superior techniques and offered virgin land—while Brazilian soil was wearing out. The crisis in the sugar-growing Northeast was also precipitated by serious slave revolts and by the gold boom to the south, which robbed the plantations of labor. The crisis was definitive: it has dragged itself painfully down the centuries into our time.

Sugar had destroyed the Northeast. The humid coastal fringe, well watered by rains, had a soil of great fertility, rich in humus and mineral salts and covered by forests from Bahia to Ceará. This region of tropical forests was turned into a region of savannas. Naturally fitted to produce food, it became a place of hunger. Where everything had bloomed exuberantly, the destructive and all-dominating latifundio left sterile rock, washed-out soil, eroded lands. At first there had been orange and mango plantations, but these were left to their fate, or reduced to small orchards surrounding the sugarmill-owner's house, reserved exclusively for the family of the white planter. Fire was used to clear land for canefields, devastating the fauna along with the flora: deer, wild boar, tapir, rabit, pacas, and armadillo disappeared. All was sacrificed on the altar of sugarcane monoculture.

At the end of the sixteenth century Brazil had no less than 120 sugarmills worth some 22 million, but their masters, owners of the best lands, grew no food. They imported it, just as they imported an array of luxury articles which came from overseas with the slaves and bags of salt. Abundance and prosperity went hand in hand, as usual, with chronic malnutrition and misery for most of the population. Cattle were relegated to deserts far inland from the humid coastal zone to the serdão which, with two head of cattle to the square mile, supplied (and still supplies) tough, tasteless, and always scarce meat.

A legacy of those colonial days which continues is the custom of eating dirt. Lack of iron produces anemia, and instinct leads Northeastern children to eat dirt to gain the mineral salts which are absent from their diet of manioc starch, beans, and— with luck—dried meat. In former times this “African vice” was punished by putting muzzles on the children or by hanging them in willow baskets far above the ground.

The Brazilian Northeast is today the most underdeveloped area in the Western hemisphere. As a result of sugar monoculture it is a concentration camp for 30 million people—on the same soil that produced the most lucrative business of the colonial agricultural economy in Latin America. Today less than a fifth of Pernambuco's humid zone is used for growing sugar; the rest is not used at all. The big sugarmill owners, who are also the biggest planters of cane, permit themselves this luxury of waste. It is not in the Northeast's arid and semi-arid interior that food conditions are worst, as is erroneously believed. The serdão, a desert of stones and sparse vegetation, has periods of hunger when the scorching sun produces drought and the semblance of a lunar landscape, forcing the people to flee and sowing crosses along the roadsides. But in the humid littoral—that coastal fringe still so ironically known as the “forest zone” in tribute to the remote past and to the pitiful remnants of forestation surviving from centuries of sugar—

* An English traveler, Henry Koster, attributed this custom to the contact the white children had with little blacks “who infect them with this African vice.”

† In various ways the Northeast is the victim of internal colonialism for the benefit of the industrialized south. Within the Northeast, the serdão region is subordinated to the sugarcane which it supplies, and the latifundios in their turn are subordinated to processing plants that industrialize sugar production. The ancient institution of the individually owned sugar estate is in crisis: the central mills have devoured the plantations.
hunger is endemic. Where opulence is most opulent, there—in this land of contradictions—misery is most miserable; the region nature chose to produce all foods, denies all. The sugar latifundio, a structure built on waste, must still import food from other areas, particularly from the center and south, at escalating prices. The cost of living in Recife is the highest in Brazil, well above Rio de Janeiro. Beans cost more in the Northeast than in Ipanema, the capital city’s most luxurious beach resort. The price of half a kilo of manioc starch equals the wage an adult sugar-plantation worker receives for working from sunrise to sunset: if he complains, the foreman summons the carpenter to measure the man for the length and width of the boards that will be needed. In large areas the owner’s or administrator’s “right of the first night” for each girl is still effective. A third of Recife’s population lives in miserable hovels; in one district, Casa Amarela, more than half the babies die before they are a year old. Child prostitution—girls of ten or twelve sold by their parents—is common in Northeastern cities. Some plantations pay less for a day’s work than the lowest wage in India. A United Nations Food and Agriculture Organization (FAO) report in 1957 said that in the area of Victoria, near Recife, protein deficiency in children produces a weight loss 40 percent worse than is generally found in Africa. Many plantations still operate private prisons, but, as René Dumont notes, “those who are responsible for murder by undernourishment are not locked inside, since they are the keepers of the keys.”

Pernambuco now produces less than half as much sugar as the state of São Paulo, and has a far lower per hectare yield; but Pernambuco’s inhabitants, densely concentrated in the humid zone, depend on sugar for their livelihood, while São Paulo contains the greatest industrial center in Latin America. In the Northeast not even progress is progressive, for it is in the hands of a few owners. The food of the minority is the hunger of the majority. Beginning in 1870 the sugar industry was substantially modernized as big central mills were installed, and the absorption of land by latifundios progressed alarmingly, sharpening the hunger of the area. In the 1950s, booming industrialization increased the consumption of sugar in Brazil itself. This stimulated Northeastern production, but without causing any rise in the per hectare yield. New lands of inferior quality were planted to cane, and sugar devoured still more of the few food-producing areas. Turned into a wage-worker, the peasant who had previously tilled his small plot experienced no benefit, since he did not earn enough money to buy what he had once produced. As usual, the expansion expanded hunger.

The Devastation of the Caribbean

“You believe perhaps, gentlemen,” said Karl Marx in 1848, “that the production of coffee and sugar is the natural destiny of the West Indies. Two centuries ago, nature, which does not trouble herself about commerce, had planted neither sugarcane nor coffee trees there.” The international division of labor was not organized by the Holy Ghost but by men—more precisely, as a result of the world development of capitalism.

It was the fate of the “sugar islands”—Barbados, the Leewards, Trinidad-Tobago, Guadeloupe, Puerto Rico, Haiti, and Santo Domingo—to be incorporated one by one into the world market and condemned to sugar until our day. Grown on a grand scale, sugar spreads its blight on a grand scale and today unemployment and poverty are these islands’ permanent guests. Cuba also continues to depend on the sale of sugar, although the agrarian reforms of 1959 sparked an intensive diversification of the economy which has ended seasonal unemployment. Cubans no longer work only during the five or six months of the sugar harvest, but for twelve months in the continuous job of building a new society.

Barbados was, starting in 1641, the first Caribbean island where sugar was grown for bulk export, although the Spaniards had planted cane earlier in Santo Domingo and Cuba. It was, as we have seen, the Dutch who introduced sugar into the little British island; by 1666 Barbados had 800 plantations and more than 80,000 slaves. Occupied vertically and horizontally by the developing latifundio, Barbados suffered no better fate than the Brazilian Northeast. It had previously produced a variety of crops on small holdings: cotton and tobacco, oranges, cows and pigs. Canefields devoured all this and devastated the dense forests in the name of a glorious illusion. The island soon found that its soil was exhausted, that it was unable to feed its population, and that it was producing sugar at uncompetitive prices.
By this time sugar cultivation had spread to the Leeward Islands, to Jamaica, and to the Guianas on the South American mainland. Jamaica entered the eighteenth century with ten times more slaves than white colonists. Its soil too was soon exhausted. In the second half of the century the world's best sugar was being raised on the spongy coastal plains of Haiti, a French colony then known as Saint Domingue. Northern and western Haiti became a human antheap: sugar needed hands and more hands. In 1786 the colony brought in 27,000 slaves; in the following year, 40,000. Revolution broke out in the fall of 1791 and in one month, September, 200 sugar plantations went up in flames; fires and battles were continuous as the rebel slaves pushed France's armies to the sea. Ships sailed containing ever more Frenchmen and ever less sugar. The war spilt rivers of blood, wrecked the plantations, and paralyzed the country, and by the end of the century production had fallen to almost nothing. By November 1803 almost all of the once flourishing colony was in ashes and ruins. The Haitian revolution had coincided—and not only in time—with the French Revolution, and Haiti bore its share of the international coalition's blockade against France: England controlled the seas. Later, as its independence became inevitable, Haiti also had to suffer blockade by France. The U.S. Congress, yielding to French pressure, banned trade with Haiti in 1806. In 1825 France recognized its former colony's independence, but only in exchange for a huge cash indemnity. General Leclerc had written to his brother-in-law Napoleon in 1802, soon after taking prisoner the slave armies' leader Toussaint L'Ouverture, "Here is my opinion about this country: all the blacks in the mountains, men and women, must be suppressed, keeping only the children under twelve; half the blacks in the plains must be exterminated, and not a single mulatto with epaulets must be left in the colony." The tropics took their revenge on Leclerc: "Gripped by the black vomit," and despite the magical incantations of Pauline Bonaparte, he died without carrying out his plan. But the cash indemnity was a millstone around the necks of those independent Haitians who survived the bloodbaths of the successive military exhibitions against them. The country was born in ruins and never recovered: today it is the poorest in Latin America.

The crisis in Haiti produced the sugar boom in Cuba, which quickly became the world's top producer. Cuban production of coffee, another item in great demand overseas, was also stimulated by the collapse of Haitian production, but sugar won the monocultural race: in 1862 Cuba had to import coffee from abroad. A respected member of the Cuban "sugarocracy" held forth on "the proven advantages that can be obtained from another's misfortune." After the Haitian rebellion, sugar prices in European markets topped all records, and by 1806 Cuba had doubled both its mills and its productivity.

Sugar Castles on Cuba's Scorched Earth

The British had taken Havana briefly in 1762. The island's rural economy was then based on small tobacco plantations and on cattle ranching: Havana, a military bastion, had craftsmen with advanced skills, an important foundry manufacturing cannon, and Latin America's first shipyard for building merchant and war ships on a big scale. Eleven months sufficed for the British occupiers to introduce as many slaves as would otherwise have entered in fifteen years, and from that time on the Cuban economy was shaped by the foreign need for sugar: slaves produced it for the world market and its bounteous surplus value was enjoyed by the local oligarchy and by imperialist interests.

Cuban sugar historian Manuel Moreno Fraginals describes with eloquent data the headlong advance of sugar in the years following the British occupation. Spain's commercial monopoly had in fact been blown apart, and all brakes on the entry of slaves had been removed. The sugarmills absorbed everything, men and land. To the mills went shipyard and foundry workers and the countless small artisans who had contributed decisively to the development of industry. Small peasants growing tobacco in the vegas or fruit in the orchards, victims now of the canefields' brutally destructive advance, also turned to sugar production. Extensive planting relentlessly reduced the soil's fertility; sugarmill towers multiplied in the Cuban countryside and each one needed more and more land. Fire devoured tobacco vegas, forests, and pasturelands.

* Alejo Carpentier has written a fine novel about this fascinating period of Haitian history, The Kingdom of This World (1957). It contains a perfect recreation of the Caribbean adventures of Pauline and her husband.
he had them in a hermetically sealed cabin at a special temperature; if it was opened the flowers would be ruined. Thus the seeds reached the Liverpool docks unscathed. Forty years later the British invaded the world market with Malayan rubber. The Asian plantations, skillfully developed from shoots grown at Kew Gardens, easily supplanted Brazilian production.

Amazonian prosperity vanished in a puff of smoke. The jungle closed back upon itself. Fortune hunters left for other parts and the luxurious camp disintegrated. The only people remaining, surviving as best they could, were the workers who had been brought from afar to make fortunes for others—and not even for Brazilians. For Brazil had merely responded to the siren song of world demand for raw materials, without itself participating in the real business of rubber—finance, trade, industrialization, and distribution. The siren fell mute until World War II gave a new but fleeting push to Amazonian rubber. The Allied powers desperately searched for supplies when the Japanese occupied Malaya: the Peruvian jungle was ransacked and the so-called Battle of Rubber once again mobilized Brazil’s Northeastern peasants. This time, according to an accusation made in the Congress when the “battle” ended, the victims of disease and hunger, whose bodies remained to rot among the rubber trees, numbered some 50,000.

The rubber boom and the rise of coffee growing involved big levies of Northeastern workers. But the government also uses its bottomless reserve of cheap labor for public works. The naked men who built the city of Brasilia almost overnight were Northeasterners transported like cattle to the wilderness site. Today this most modern of the world’s cities is surrounded by a great belt of poverty: when they finished their work, these people—known as *candangos*—were dumped in outlying hovels. There, always available for any task, 300,000 Northeasterners live off the splendid capital’s leavings.

The Northeasterners’ slave labor is now constructing the great trans-Amazonia highway that will cut Brazil in two, penetrating the jungle up to the Bolivian border. The “march to the west,” as the plan is called, also involves an agricultural colonization project to extend “the frontiers of civilization”; each peasant will get ten hectares of land if he survives the tropical fevers. The Northeast contains 6 million landless peasants while 15,000 people own half of all the land. Agrarian reform is not carried out in the already occupied areas, where the latifundistas’ property rights remain sacred, but in the jungle. Thus a road for the latifundio’s expansion into new territory is being opened up by its victims, the *flagelado*, or “tormented ones,” of the Northeast. Without capital or implements, what is the use of ten hectares one to two thousand miles from consumer centers? One must conclude that the government’s real aims are quite different: to provide labor for the U.S. latifundistas who have bought or appropriated half the lands north of the Rio Negro, and also for U.S. Steel, which received Amazonia’s rich iron and manganese deposits from General Garrastazú Médici.

### Cacao Planters Lit Their Cigarettes with 500,000-Reis Bills

For a long time Venezuela was identified with cacao, a native South American plant. Venezuelans, as Domingo Rangel says, have been made to sell cacao and distribute foreign trinkets in their own lands. The cacao oligarchs made up a “Holy Trinity of backwardness,” along with moneylenders and traders. Cacao coexisted with indigo, sugar, tobacco, and a few mines, and cattle-raising on the plains, but the people correctly baptized as “Gran Cacao” the slave-owning oligarchy in Caracas, which supplied cacao to Mexico’s mining oligarchy and to the Spanish metropolis, thus using black labor to enrich itself. A coffee era began in Venezuela in 1873; coffee, like cacao, needs sloping lands or warm valleys. Despite this competition, cacao continued to expand, invading the humid lands of Caripano. Venezuela remained an agricultural country condemned to the cyclical rise and fall of coffee and cacao prices;

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* Early in our century, rubber-forested mountains in Peru had held out the promise of a new El Dorado. In 1908 Francisco García Calderón wrote in *El Perú contemporáneo* that rubber was the great wealth of the future. In his novel *The Green House*, Mario Vargas Llosa reconstructs the feverish atmosphere in Iquitos and in the jungle, where adventurers robbed the Indians and each other. Nature had leprosy and other weapons with which to take its vengeance.

* In October 1970 the Bishop of Pari denounced to the president of Brazil the brutal exploitation of Northeastern workers by contractors for the trans-Amazonia highway. The government calls it “the work of the century.”
the two products created the capital that enabled landlords, merchants, and moneylenders to live as wasteful parasites.

Then, in 1922, the country suddenly became a fount of oil, and oil has reigned without interruption ever since. The black gold finally gushed forth, justifying, four centuries later, the fantasies of the Spanish conquistadors: searching in vain for the king who bathed in gold, they had become mad enough to confuse a little Maracaibo village with Venice and the feudal coast of Pariá with earthly paradise.

The last decades of the nineteenth century marked the rise of European and U.S. gluttony for chocolate. The industry's progress lent great impetus to Brazilian cacao and to production in the old Venezuelan and Ecuadorian plantations. Cacao made its entrance onto the Brazilian economic stage at the same time as rubber, and like rubber it gave work to Northeastern peasants. São Salvador, now Bahia, on Todos os Santos bay, once capital of Brazil and of sugar and one of Latin America's most important cities, revived as the cacao capital. In our time latifundios south of Bahia—from the Recôncavo region to the state of Espírito Santo, between the littoral lowlands and the mountain chain along the coast—still supply raw material for a good part of the world's chocolate consumption. Like sugarcane, cacao means monoculture, the burning of forests, the dictatorship of international prices, and perpetual penury for the workers. The plantation owners, who live on the Rio de Janeiro beaches and are more businessmen than farmers, do not permit a single inch of land to be devoted to other crops. Their managers normally pay wages in kind—jerked beef, flour, beans; when paid in cash, the peasant receives the equivalent of a liter of beer for a whole day's work, and must work a day and a half to buy a can of powdered milk.

For some time Brazil was favored in the international market, but from the outset Africa offered serious competition. By the 1920s the Gold Coast (now Ghana) had won the top position as a world cacao supplier: the British had developed cacao plantations in their colony on a large scale with modern methods. Brazil fell back to second place, and years later to third. But there was more than one period when no one would have believed that the fertile lands of southern Bahia were destined for mediocrity. Unused throughout the colonial period, the soil yielded prodigiously: peons split the pods with their knives, collected the beans, and loaded them into donkey-drawn carts to be taken to the grinders; it became necessary to fell ever more forests, to open up new clearings and conquer new territory with machete and gun. The peons knew nothing of prices or markets. They did not even know who ruled Brazil—up until not long ago one could still meet hacienda workers who were convinced that King Pedro II was still on the throne. The cacao masters rubbed their hands together: they knew, or thought they knew. Chocolate consumption grew, and with it prices and profits. The port of Ilhéus, from which almost all the cacao was shipped, became known as "Queen of the South," and although it is languishing today, the small but massive palaces which the hacendados furnished with the greatest luxury and the worst taste may still be seen there. Jorge Amado wrote several novels about it. He recreates one of the high-price periods thus: "Ilhéus and the cacao zone swam in gold, bathed in champagne, slept with French ladies from Rio de Janeiro. At the Trianon, the city's most chic cabaret, Colonel Maneca Dantas lit cigarettes with 500,000-reis bills, repeating the gesture of all the country's rich fazendeiros during the previous rises in coffee, rubber, cotton, and sugar prices." With the rise in price, production increased; then prices fell. Conditions became more and more unstable and land kept changing hands. The era of "beggar millionaires" began, as plantation pioneers yielded to exporters, who took over the lands for payment of debts.

In barely three years, from 1959 to 1961—to give but one example—the international price of the Brazilian cacao bean fell by one third. Since then the tendency to rise has opened the door of hope a crack, but the United Nations Economic Commission for Latin America (ECLA) predicts a short life for the upward curve. To keep their chocolate cheap, the big cacao consumers—the United States, Britain, West Germany,
Holland, France—stimulate competition between African cacao and
cacao from Brazil and Ecuador. Controlling prices as they do, these
nations bring on periods of depression which put cacao workers back
on the road. The unemployed look for trees to sleep under and green
bananas to feed their stomachs: one product they certainly don’t eat is
the fine chocolate that Brazil actually imports from France and Switzer­
land. Chocolate costs more and more; cacao less and less. Between 1950
and 1960 Ecuador’s cacao sales rose more than 30 percent in volume
but only 15 percent in value. The remaining 15 percent was a gift from
Ecuador to those rich countries which, in the same period, sent it their
industrial products at escalating prices. Ecuador’s economy depends on
the sale of bananas, coffee, and cacao, three food products highly subject
to price fluctuations. According to official data, seven of every ten
Ecuadoreans suffer from basic malnutrition, and the country has one of
the highest death rates in the world.

**Cheap Hands for Cotton**

Brazil is the fourth largest cotton-producing country, Mexico the
fifth. More than one-fifth of all cotton consumed by the world’s textile
industries comes from Latin America. At the end of the eighteenth
century, cotton had become the most important industrial raw material
in Europe; England multiplied its purchases of the fiber by five in thirty
years. The spinning frame invented by Arkwright—at the same time
that Watt was patenting his steam engine—and Cartwright’s later
development of the mechanical loom gave textile manufacturing a
decisive push and provided the cotton plant with eager overseas markets.
The cotton euphoria brusquely awakened the port of São Luiz do
Maranhão from a long tropical siesta previously interrupted only by the
arrival of a couple of ships a year. Now black slaves streamed onto the
north Brazilian plantations and some 200 ships a year, carrying a million
pounds of raw cotton, sailed from São Luiz. The economic crisis in
mining at the beginning of the nineteenth century gave cotton an
abundance of slave labor; with the exhaustion of the gold and diamond
supply in the south, Brazil seemed to revive in the north. The port
flourished, producing enough poets to become known as the Athens of
Brazil, but since no one in the Maranhão region bothered to raise food,
hunger entered along with prosperity. Sometimes there was only rice to
eat. The story ended as it had begun: suddenly. Large-scale cotton
production on southern United States plantations, which had better soil
and machines for cleaning and baling, lowered prices by two-thirds and
Brazil dropped out of the race. Prosperity returned when the Civil War
interrupted U.S. supplies, but did not last long. Between 1934 and
1939, Brazilian cotton production grew impressively, from 125,000 to
more than 320,000 tons; then the United States flooded the world
market with its surpluses and prices slumped again.

The United States’ agricultural surpluses are, as we know, the result
of fat subsidies to its producers; it spills the surpluses out across the world
at dumping prices as part of its foreign aid program. Cotton was
Paraguay’s chief export until the ruinous competition of U.S. cotton
displaced it in the market, and Paraguayan production has fallen by 50
percent since 1952. (In the same way Uruguay lost the Canadian market
for its rice, and the wheat of Argentina, once the world’s granary, virtually vanished from international markets.) The United States’
dumping of cotton has not affected the imperial hold of a U.S. firm,
Anderson, Clayton & Co., over this product in Latin America, or
interfered with U.S. purchases, through the firm, of Mexican cotton for
resale to other countries.

World trade of Latin American cotton nevertheless remains lively
thanks to its extremely low production costs. Even reality-concealing
official figures betray the wretched standards of pay for actual work. In
Brazil it is done either for hunger wages or on a serf basis. In Guatemala,
plantation owners boast of paying 19 quetzals (about $1) a month,
most of it in kind at prices they themselves determine. Mexican migrant
workers, moving from harvest to harvest at $1.50 a day, suffer from
underemployment and consequent undernutrition. The lot of Nicara­
guan cotton workers is much worse, and Salvadorans, who supply cotton
to Japanese textile industries, consume fewer calories and proteins than
the hungry peasants of India.

In Peru’s economy cotton is the second agricultural source of foreign
currency. José Carlos Mariátegui has noted how foreign capitalism, in
its constant search for land, labor, and markets, came to control
Peru’s export crops by foreclosing the mortgages of debt-delinquent
the revolution led by Justo Rufino Barrios early in the 1870s. Agricultural specialization, dictated from abroad, set off a frenzy of land and labor grabbing: the Central American latifundio of today was born under the banner of free labor.

Great tracts of idle land—belonging to no one, or to the Church, or to the state—passed into private hands, and Indian communities were frenetically plundered. Peasants who declined to sell their land were hauled off into the army; plantations became human compost pits for Indians. The colonial order was revived with the forcible recruitment of labor and with laws against vagrancy, while fugitive workers were pursued with guns. Liberal governments modernized labor relations by introducing wages, but recipients of the wages became the property of upstart coffee planters. At no time in the ensuing century, of course, were periods of high prices reflected in wages, which have remained at the hunger level no matter how much was paid for the coffee. This helped prevent the development of any internal consumer market in Central America. As elsewhere, the ever expanding cultivation of coffee discouraged food-raising for the home market. These countries too were condemned to a chronic scarcity of rice, beans, corn, wheat, tobacco, and meat. A bleak subsistence agriculture barely survived on the high semi-barren lands to which the latifundio drove the Indians when it appropriated the lower and more fertile areas. The Indians who work on the plantations at harvest time spend part of the year on tiny mountain plots raising the corn and beans without which they could not survive. They are the world market’s “labor reserve.” Nothing has changed in a century: the latifundio and minifundio together make up a system based on ruthless exploitation of Indian labor. In general—but especially in Guatemala—this structure of labor force appropriation is visibly identified with racism: Indians suffer the internal colonialism of whites and mestizos blessed ideologically by the dominant culture, just as Central American countries suffer foreign colonialism.

Early in our century banana enclaves made their appearance in Honduras, Guatemala, and Costa Rica. A few railway lines financed by native capital had been built to take coffee to the ports. U.S. concerns took over these railroads and built others, to carry the products of their own plantations exclusively, while monopolizing electric light, the mails, telegraph and telephone, and—a no less important public service—politics: in Honduras a mule costs more than a deputy, and throughout Central America U.S. ambassadors do more presiding than presidents. The United Fruit Company swallowed up its competitors in the production and sale of bananas and became Central America’s top latifundista, while its affiliates cornered rail and sea transport. It took over the ports and set up its own customs and police. The dollar in effect became the national currency of Central America.

THE FILIBUSTERERS COME ABOARD

In the geopolitical concept of imperialism, Central America is no more than a natural appendage of the United States. Not even Abraham Lincoln, who also contemplated annexation, could resist the “manifest destiny” of the great power to dictate to its contiguous areas.

In the middle of the nineteenth century the filibusterer William Walker, operating on behalf of bankers Morgan and Garrison, invaded Central America at the head of a band of assassins. With the obliging support of the U.S. government, Walker robbed, killed, burned, and in successive expeditions proclaimed himself president of Nicaragua, El Salvador, and Honduras. He restored slavery in the areas that suffered his devastating occupation, thus continuing his country’s philanthropic work in the states that had just been seized from Mexico. He was welcomed back to the United States as a national hero. From then on invasions, interventions, bombardments, forced loans, and gun-point treaties followed one after the other. In 1912 President William H. Taft declared: “The day is not far distant when three Stars and Stripes at three equidistant points will mark our territory: one at the North Pole, another at the Panama Canal, and the third at the South Pole. The whole hemisphere will be ours in fact as, by virtue of our superiority of race, it already is ours morally.” Taft said that the correct path of justice in U.S. foreign policy “may well be made to include active intervention to secure for our merchandise and our capitalists opportunity for profitable investment.” In the same period ex-President Theodore Roosevelt loudly recalled his successful amputation of land from Colombia: “I took the Canal Zone and let Congress debate,” said the proud Nobel Peace Prize winner as he related how he had invented Panama. Colombia soon
afterward received $25 million in indemnity: it was the price of a
country that was born so that the United States could have a route
between two oceans.

U.S. concerns took over lands, customs houses, treasuries, and gov-
ernments; Marines landed here, there, and everywhere to “protect the
lives and interests of U.S. citizens”—the same holy-water formula that
would be used to deodorize the Dominican Republic crime in 1965.
General Smedley D. Butler, who headed many of the expeditions,
indicated the sort of merchandise that was wrapped inside the flag when
he wrote in 1935 of his own experience:

I spent thirty-three years and four months in active service as a member of our
country’s most agile military force—the Marine Corps. I served in all commissioned
ranks from a second lieutenant to major-general. And during that period I spent most
of my time being a high-class muscle man for Big Business, for Wall Street, and for
the bankers. In short, I was a racketeer for capitalism. . . . Thus I helped make Mexico
and especially Tampico safe for American oil interests in 1914. I helped make Haiti
and Cuba a decent place for the National City Bank to collect revenues in . . . . I
helped purify Nicaragua for the international banking house of Brown Brothers in
1909–1912. I brought light to the Dominican Republic for American sugar interests
in 1916. I helped make Honduras “right” for American fruit companies in 1903.37

In the first years of our century the philosopher William James passed
the little-known judgment that the country had finally vomited the
Declaration of Independence. To cite but one example: the United
States occupied Haiti for twenty years and, in that black country that
had been the scene of the first victorious slave revolt, introduced racial
segregation and forced labor, killed 1,500 workers in one of its repressive
operations (according to a U.S. Senate investigation in 1922), and when
the local government refused to turn the Banco Nacional into a branch
of New York’s National City Bank, suspended the salaries of the
president and his ministers so that they might think again. Alternating
the “big stick” with “dollar diplomacy,” similar actions were carried out
in the other Caribbean islands and in all of Central America, the
geopolitical space of the imperial mare nostrum.

The Koran mentions the banana among the trees of paradise, but the
“bananization” of Guatemala, Honduras, Costa Rica, Panama, Colom-
bia, and Ecuador suggests that it is a tree of hell. United Fruit became
owner of the biggest latifundio in Colombia when a big strike broke out
on the Atlantic coast in 1928. Banana workers were mowed down with
bullets in front of a railroad station. “The forces of public order are
authorized to punish with the aid of appropriate weapons,” it was
officially decreed, and no further decree was necessary to wipe the
massacre from official memory.* Miguel Angel Asturias described the
process of Central American conquest and plunder in his novel The
Green Pope, about Minor Keith, the uncrowned king of the region, great
white father of United Fruit, devourer of nations:

“We have docks, railroads, land, buildings, and water. . . . The dollar circulates,
English is spoken, and they fly our flag. . . . Chicago could not help but feel proud
of that son who went off with a brace of pistols and returned to demand his position
among the meat emperors, the railroad kings, the copper kings, the chewing-gum
kings.”38

In The 42nd Parallel John Dos Passos traced the dazzling career of
Keith and United Fruit:

In Europe and the United States people had started to eat bananas, so they cut down
the jungles through Central America to plant bananas, and built railroads to haul the
bananas, and every year more steamboats of the Great White Fleet steamed north
loaded with bananas, and that is the history of the American empire in the Caribbean,
and the Panama canal and the future Nicaragua canal and the marines and the
battleships and the bayonets.40

The land was as exhausted as the workers—the land was robbed of
humus and the workers of their lungs—but there were always new lands
to exploit and new workers to exterminate. Comic opera dictators
watched over United Fruit’s interests with knives between their teeth.
Banana production eventually fell and the omnipotent corporation

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* This is the theme of Alvaro Cepeda Samudio’s novel La casa grande (1967), and also makes
a chapter of Gabriel García Márquez’s One Hundred Years of Solitude: “You must have been
dreaming the officers insisted.”

† The novel is one of Asturias’s trilogy; the other two are Strong Wind and Los ojos de los
enterrados (The Eyes of the Buried), published in Buenos Aires in the 1950s. Master Pyle, a
character in Strong Wind, says prophetically: “If instead of making new plantations, we buy fruit
from the individual growers, it’ll be much better for the future.”39 This is exactly the present
situation in Guatemala: United Fruit imposes its banana monopoly through the selling end, a
more effective and less risky method than direct production. It is worth noting that banana
production fell sharply in the 1960s from the moment when United Fruit decided to sell and/or
lease its Guatemalan plantations, then threatened by social agitation.
went through various crises; although cotton and sugar have pushed the banana off its privileged perch, Central America remains to this day a bonanza-sanctuary for adventurers. Bananas are still the main source of foreign currency for Honduras and Panama and, in South America, for Ecuador. Around 1929 Central America exported 38 million bunches and United Fruit paid Honduras a penny tax on each. There was no way to see that this mini-tax—which later rose slightly—was actually paid; nor is there today, for even now United Fruit exports and imports what it likes, operating outside the state customs system. The country’s trade and payment balances are the works of fiction of exceptionally imaginative technicians.

The Crisis of the 1930s: “Killing an Ant Is a Greater Crime Than Killing a Man”

Coffee depended on the U.S. market, on U.S. consumption capacity, and on U.S. prices; bananas were a business of, by, and for the United States. Suddenly, in 1929, came the crisis. In the Caribbean, the New York stock market disaster which cracked the foundations of world capitalism fell like a huge block of stone into a puddle. Coffee and banana prices plummeted, along with sales. Peasants were evicted on all sides, unemployment soared, and a wave of strikes swept city and countryside; credit, investment, and public spending collapsed; and in Honduras, Guatemala, and Nicaragua, state employees’ salaries were cut almost in half. Jackbooted dictators were the order of the day: in Washington it was the dawn of the Good Neighbor policy, but social agitation was boiling up everywhere and had to be sternly suppressed. For about twenty years—for some more, for some less—power would remain in the hands of Guatemala’s Jorge Ubico Castañeda, El Salvador’s Maximiliano Hernández Martínez, Honduras’s Tiburcio Carías Andino, and Nicaragua’s Anastasio Somoza.

The epic of Augusto César Sandino stirred the world. The long struggle of Nicaragua’s guerrilla leader was rooted in the angry peasants’ demand for land. His small ragged army fought for some years against 12,000 U.S. invaders and the National Guard. Sardine tins filled with stones served as grenades, Springfield rifles were stolen from the enemy, and there were plenty of machetes; the flag flew from any handy stick, and the peasants moved through mountain thickets wearing strips of hide called huaraches instead of boots. The guerrillas sang, to the tune of Adelita:

In Nicaragua, gentlemen,
the mouse kills the cat.

Neither the Marines’ firepower nor the bombs dropped from planes sufficed to crush the rebels of Las Segovias; nor did the calumnies spread worldwide by Associated Press and United Press International, whose Nicaraguan correspondents were two North Americans who controlled the country’s customs houses. In 1932 Sandino had a presentiment: “I won’t live very long.” A year later, under the influence of the Good Neighbor policy, hostilities ceased. The guerrilla leader was invited by the president to a decisive meeting in Managua, and on the way was killed in an ambush. The murderer, Anastasio Somoza, later said that U.S. Ambassador Arthur Bliss Lane had ordered the execution. Somoza, then head of the army, soon installed himself in power. He ruled Nicaragua for a quarter of a century and then bequeathed the job to his sons. Before wrapping the presidential sash across his breast, Somoza had conferred upon himself the Cross of Valor, the Medal of Distinction, and the Presidential Medal of Merit. Once in power he organized various massacres and grand celebrations for which he dressed up his soldiers in sandals and helmets like Romans. He became the country’s biggest coffee producer, with forty-six plantations, and raised cattle on fifty-one additional haciendas. But he was never too busy to spread terror. During his long reign he lacked for nothing and even recalled with some wistfulness his youthful years when he had to forge gold coins to pay for his amusements.

The crisis brought tensions to a head, too, in El Salvador. Nearly half of Honduras’s banana workers were Salvadorans, and many had to return to their country, where there was no work for anyone. A peasant rising in the Izalco region in 1932 quickly spread throughout western El Salvador. Hernández sent troops with modern equipment to deal with the “Bolsheviks.” The Indians fought with machetes against machine-guns and the incident ended with 10,000 dead. Hernández, a vegetarian crank and theosophist, maintained that “killing an ant is a
brother, John Foster Dulles, had shown burning impatience at the OAS conference that approved the military expedition against Guatemala; it so happened that the United Fruit contracts in the Ubico era had been drafted in his law office.

Arbenz's fall started a conflagration in Guatemala which has never been extinguished. The same forces that bombed Guatemala City, Puerto Barrios, and the port of San José on the evening of June 18, 1954, are in power today. Foreign intervention was followed by a series of ferocious dictatorships—including the administration of Méndez, who lent democratic trappings to the tyranny. Arbenz's agrarian reform was blown to smithereens when Castillo Armas fulfilled his mission of returning the land to United Fruit and other expropriated landlords; Méndez promised agrarian reform but merely signed an authorization for landlords to carry guns and to use them.

The worst year in the orgy of violence begun in 1954 was 1967. Thomas Melville, a U.S. Catholic priest expelled from Guatemala, told the National Catholic Reporter in January 1968 that in little more than a year right-wing terrorist groups had murdered more than 2,800 intellectuals, students, trade union leaders, and peasants who were trying “to combat the sicknesses of Guatemalan society.” Melville based his figure on information in the press, but most of the corpses never earned any report at all: they were poor Indians of no known name or habitat whom the army included—sometimes only as numbers—in its communiqués on its victories over subversion. Indiscriminate repression formed a part of the military “search and destroy” campaign against guerrilla movements. Under the newly adopted code, members of the security forces were not held responsible for homicides, and police and army communiqués were accepted as full proof by the courts. Plantation owners and managers had the legal status of local authorities, with the right to carry arms and form punitive squads. The systematic butchery set no teletypes humming; no news-hungry reporters flew to Guatemala, nor was any reproving voice heard. The world turned its back while Guatemala underwent a long Saint Bartholomew’s night. All the men of the village of Cajón del Río were exterminated; those of Tituque had their intestines gouged out with knives; in Piedra Parada they were flayed alive; in Agua Blanca de Ipala they were burned alive after being shot in the legs. A rebellious peasant’s head was stuck on a pole in the center of San Jorge’s plaza. In Cerro Gordo the eyes of Jaime Velázquez were filled with pins. The body of Ricardo Miranda, thirty-eight holes in his head, and the head of Haroldo Silva were found beside the San Salvador highway. In Los Mixcos, Ernesto Chinchilla’s tongue was cut out. In Ojo de Agua, the Oliva Aldana brothers, blindfolded and with hands tied behind backs, were pumped full of bullets. The head of José Guzmán was chopped into a mass of tiny pieces and scattered along the road. In San Lucas Sacatepéquez, the wells yielded corpses instead of water. On the Miraflores plantation, the men greeted the dawn without hands or feet. Threats were followed by executions or by shots without warning through the back of the neck. In the cities, the doors of the doomed were marked with black crosses. Occupants were machine-gunned as they emerged, their bodies thrown into ravines.

The violence did not stop after that: it has been a way of life in Guatemala ever since the period of humiliation and fury begun in 1954. Corpses—although not quite so many—continue to turn up in rivers and on road sides, their featureless faces too disfigured by torture to be identified. The slaughter that is greater but more hidden—the daily genocide of poverty—also continues. In 1968 another expelled priest, Father Blase Bonpane, reported on this sick society in the Washington Post: “Of the 70,000 people who die each year in Guatemala, 30,000 are children. The infant mortality rate in Guatemala is forty times higher than in the United States.”

THE FIRST AGRARIAN REFORM: 150 YEARS OF DEFEAT FOR JOSÉ ARTIGAS

It was the dispossessed of Latin America who, with spears and machetes, really fought against Spanish power at the dawn of the nineteenth century. Independence did not reward them; it betrayed the hopes of those who had shed their blood. Peace came, and with it a new era of daily misery. Landowners and businessmen increased their fortunes while poverty grew among the masses. The intrigues of Latin America’s new masters grew, and the four viceroyalties of the Spanish empire blew up and gave birth to many new nations, splinters of a might-have-been national unity. The “nation,” as the subcontinent's
gentry conceived it, looked too much like a busy port, inhabited by the mercantile and financial clientele of the British Empire, with latifundios and mines in the background. A legion of parasites, who had received the War of Independence communiqués while dancing minuets in city salons, used British-made wineglasses to drink toasts to freedom of trade. The most pompous republican slogans of the European bourgeoisie came into fashion as our countries placed themselves at the service of English industrialists and French thinkers. But what sort of “national bourgeoisie” was ours, composed of landlords, big wheelers and dealers and speculators, frock-coated politicos, and intellectuals of borrowed cultures? Latin America quickly gave birth to bourgeois constitutions well varnished with liberalism, but there was no creative bourgeoisie in the European or U.S. style to accompany them, one which would undertake as its historical mission the development of a strong national capitalism. The bourgeoisies of our countries came into being as mere instruments of international capitalism, liberally oiled cogs in the global mechanism that bled the colonies and semicolonies. These shop-window bourgeois, moneylenders, and merchants who monopolized political power had no interest in developing local manufactures, which died in the egg when free trade opened the doors to the avalanche of British merchandise. Nor were their associates, the landlords, interested in resolving “the agrarian question,” except to the extent that they could feather their own nests. The latifundio was consolidated on a foundation of plunder.

Economic, social, national frustration: a series of betrayals followed independence, and Latin America, split apart by its new frontiers, was doomed as before to monoculture and dependence. Agrarian reform was a demand from the beginning. In 1824 Simón Bolívar issued the Trujillo Decree, designed to protect the Indians and reorganize the land-ownership system in Peru. Its legal provisions in no way limited the Peruvian oligarchy’s privileges, which remained intact despite the Liberator’s good intentions, and the Indians were as exploited as they had been before. Earlier, Miguel Hidalgo and José María Morelos had been defeated in Mexico, and a century would pass before anything came of their demands for the emancipation of the dispossessed and the recovery of usurped lands.

Down south it was José Artigas who personified the agrarian revolution. This man, the victim of impassioned vilification by official historians, led the masses during the heroic years from 1811 to 1820, in the area now occupied by Uruguay and the Argentine provinces of Santa Fe, Corrientes, Entre Ríos, Misiones, and Córdoba. He wanted to lay economic, social, and political foundations for a Great Fatherland within the frontiers of the old Río de la Plata viceroyalty, and was the most important and clear-headed of the leaders who resisted the annihilating centralism of the port of Buenos Aires. He fought against Spanish and Portuguese, and his forces were finally crushed by a pincer movement from Río de Janeiro and Buenos Aires—instruments of the British Empire—and by an oligarchy which, true to form, sold him out as soon as they saw the implications of his program of social demands.

Patriots took up arms to follow Artigas. They were mostly poor country people, rugged gauchos, Indians who rediscovered their dignity in the struggle, slaves who won freedom by joining the independence army. The cowboys’ revolution set the pampas aflame. Buenos Aires’s betrayal in leaving what is now Uruguay in the hands of Spanish power and Portuguese troops produced a mass exodus to the north. A people in arms became a people in flight: men and women, old people and children, abandoned everything to form an endless caravan of horses and carts behind their leader. Artigas called a halt on the Pampas, and soon set up his government. By 1815 he controlled a large area from his Purificación camp to Paysandú. “What do you think I saw?” an English traveler reported. “His Excellency the Señor Protector of half the New World sitting on the head of an ox beside a bonfire on the muddy soil of his ranch, eating barbecue meat and drinking gin from a cow’s horn! A dozen ragged officers surrounded him...”43 Soldiers, aides-de-camp, and scouts rode in at the gallop from all directions. Pacing, hands behind his back, Artigas dictated the revolutionary decrees of his people’s government. Two secretaries—carbon paper didn’t exist—took notes. Thus was born Latin America’s first agrarian reform; it was applied for a year in the “Eastern Province” (today’s Uruguay) and then—after the oligarchy opened the doors of Montevideo to General Lecor, greeted him as a liberator, and conducted him beneath a canopy to a solemn honor—the-invader Te Deum in the Cathedral—smashed by a new Portuguese invasion. Artigas had earlier levied a tariff.
which heavily taxed foreign merchandise that competed with domestic products—manufactures and crafts which were substantially developed lay within the leader’s dominions. At the same time, he stopped the taxation on the importation of means of production which were needed for economic development, and fixed a trifling duty on such Latin American products as Paraguayan yerba mate and tobacco. The grave-diggers of the revolution were also to bury these tariff measures.

The agrarian code of 1815—free land, free men—was the most advanced and glorious of the many constitutions the Uruguayans would have. Artigas’s code was no doubt influenced by the ideas of Pedro Rodríguez de Campomanes and Gaspar Melchor de Jovellanos in the reformist era of Charles III, but beyond question it was also a revolutionary response to the national need for economic recovery and social justice. It included expropriation and distribution of the lands of “bad Europeans and worse Americans,” who emigrated because of the revolution and were never pardoned. Lands belonging to the revolution’s enemies were expropriated without indemnity—and let it be recalled that these enemies owned the great majority of the latifundios. Children did not have to pay for the sins of their fathers: the code offered them the same as it offered poor patriots. Lands were distributed on the principle that “the most unfortunate will be the most privileged.” Indians, in Artigas’s view, had “the chief right.” The essence of this agrarian reform was to settle the rural poor on the land, making a peasant out of the gaacho who was accustomed to a roving life in war and to clandestine activities and smuggling in peace. Subsequent La Plata basin governments would mercilessly suppress the gaucho, forcing him to work as a peon on big estates, but Artigas wanted to make him an owner of land: the rebel gauchos began to enjoy honest work, built ranches and corrals, and planted their first crops.

Foreign intervention wiped it all out. The oligarchy reared its head and took vengeance. The validity of Artigas’ land distribution was legislatively repudiated. From 1820 until the end of the century, the poor patriots who had benefited from the agrarian reform were violently evicted. The only land they kept was enough to be buried in. The defeated Artigas had gone to Paraguay, to die alone after a long exile of austerity and silence. The land titles he had issued were without value: government attorney Bernardo Bustamante, for example, said that “the worthlessness of the said documents” was clear at first sight. Meanwhile, “order” restored, his government hastened to celebrate the first constitution of an independent Uruguay, that fragment of the Fatherland Artigas had vainly fought to consolidate.

The code of 1815 contained special clauses to avoid the accumulation of land in a few hands. In our day the Uruguayan countryside looks like a desert: 500 families monopolize half of all the land and, to crown their power, also control three-quarters of the capital invested in industry and banking. Agrarian reform projects pile up in the parliamentary cemetery while the countryside is depopulated: unemployment proliferates and the number of people occupied in agriculture steadily dwindles from one dramatic census to another. The country makes its living from wool and meat, but its pastures contain fewer sheep and fewer cows than at the beginning of our century. The backwardness of production methods is reflected in the low yields from livestock—dependent for food on periodic rains and natural soil fertility—and from crop farming. Meat production per animal is not even half that of France or Germany, and the same applies to milk in comparison with New Zealand, Denmark, and Holland. Every sheep produces a kilogram less wool than in Australia. Per hectare wheat yields are three times lower than in France, corn seven times lower than in the United States. The big landowners send their profits abroad, spend their summers at Punta del Este, and do not reside at their latifundios even in winter, paying occasional visits in their own airplanes. When the Asociación Rural was founded a century ago, two-thirds of its members already made their homes in the capital. The extensive production, left to nature and hungry peons, causes them no headaches.

And it certainly pays off. The rents and profits of cattle capitalists now amount to no less than $75 million a year.* Despite low yields,
profits stay up because of extremely low costs. A landscape without people: the biggest latifundios provide work for barely two people per 1,000 hectares, and then not for the whole year. The always available labor supply accumulates miserably in hut settlements beside the ranches. The gauchito of folklore, the subject of paintings and poems, is a far cry from the peon who works the broad, hostile lands today. Instead of leather boots, he wears frayed sandals; instead of a wide belt adorned with gold or silver, an ordinary belt, or merely a knotted cord. The producers of meat have lost the right to eat it: rarely do these Creoles have access to the typical Creole roast, juicy tender meat turning golden over a fire. Misleadingly rosy international statistics notwithstanding, the truth is that pasta-and-chicken innards stew—no source of protein—is the basic diet of the Uruguayan campesino.

**Artemio Cruz and the Second Death of Emiliano Zapata**

Just a century after the Artigas land code, Emiliano Zapata introduced far-reaching agrarian reform in his zone of revolutionary jurisdiction in southern Mexico. It was five years after the dictator Porfirio Díaz had celebrated with huge fiestas the centenary of the Grito de Dolores, the beginning of the Mexican war of independence from Spain. The official Mexico of frock-coated gentlemen olympically ignored the real Mexico whose poverty fed their splendor. In this republic of outcasts, workers’ wages had not risen by a centavo since the historic rising of the priest Miguel Hidalgo in 1810. In 1910, 800-odd latifundistas, many of them foreigners, owned almost all the national territory. They were urban princelings who lived in the capital or in Europe and very occasionally visited their estates—where they slept shielded by high, buttressed walls of dark stone. On the other side of the walls, the peons huddled in adobe hovels. Of a population of 15 million, 12 million depended on rural wages, almost all of which were paid at the hacienda same. The capital is received with open arms, but the uprooted pilgrims have to face a cold and uncertain destiny. The Uruguay of 1971, shaken by profound crisis, is no longer the oasis of peace and progress that attracted European immigrants; it is a turbulent land condemning its own inhabitants to emigration. It produces violence and exports people as naturally as it produces and exports meat and wool.

company stores in astronomically priced beans, flour, and liquor. Prison, barracks, and vestry shared the task of combating the natural defects of the Indians who, as a member of one illustrious family put it, were born “weak, drunk, and thieving.” With the worker tied by inherited debts or by legal contract, slavery was the actual labor system on Yucatán henequen plantations, on the tobacco plantations of the Valle Nacional, on Chiapas and Tabasco timberland and fruit orchards, and on the rubber, coffee, sugarcane, tobacco, and fruit plantations of Veracruz, Oaxaca, and Morelos. In a fine report on his visit, John Kenneth Turner wrote that “the United States has virtually reduced Díaz to a political dependency, and by so doing has virtually transformed Mexico into a slave colony of the United States.” U.S. capital made juicy profits directly or indirectly from its association with the dictatorship. “The Americanization of Mexico of which Wall Street boasts,” wrote Turner, “is being accomplished and accomplished with a vengeance.”

In 1845 the United States had annexed the Mexican territories of Texas and California, where it restored slavery in the name of civilization. Mexico also lost the present states of Colorado, Arizona, New Mexico, Nevada, and Utah—more than half the country. The stolen territory was equal in size to present-day Argentina. “Poor Mexico!” it has been said ever since, “so far from God and so close to the United States!” After the invasion, the rest of Mexico’s mutilated territory suffered from U.S. investments in copper, petroleum, rubber, sugar, banking, and transportation. Far from guiltless in the extermination of the Maya and Yaqui Indians on Yucatán henequen plantations—concentration camps where men, women, and children were bought and sold like mules—was the Standard Oil affiliate American Cordage Trust, which bought more than half the henequen and could sell it cheap at a handsome profit. But sometimes, as Turner discovered, the exploitation of slave labor was direct. A North American administrador bought press-ganged peons in lots at fifty pesos a head. He told Turner: “We always kept them as long as they lasted. . . . In less than three months we buried more than half of them.”

* Mexico was the preferred country for U.S. investments: at the end of the century it had almost a third of the U.S. capital invested abroad. In Chihuahua state and in other northern areas, William Randolph Hearst, the “Citizen Kane” of Orson Welles’s film, owned more than 3 million hectares.
wheeling and dealing, bribery, speculation, audacity, and the bloody repression of the Indians. His pilgrim’s progress resembles that of the potently impotent party of the Mexican revolution which virtually monopolizes the country’s political life in our time. Both have fallen upward.

THE LATIFUNDIO MULTIPLIES MOUTHS BUT NOT BREAD

Latin American agricultural and livestock production per capita is lower today than on the eve of World War II. During the thirty years since then, world production of food has grown in the same proportion as it has fallen in Latin America. The structure of backwardness in our countryside also functions as a structure of waste: waste of labor, of available land, of capital, of the product, and above all of the fleeting opportunities for development that history has offered. In almost all Latin American countries the latifundio—and its poor relation the minifundio—are the bottlenecks choking the growth of agriculture and the development of the whole economy. The private property system molds the production system: 1.5 percent of the agricultural landlords own half of all the cultivable land, and every year Latin America spends more than $500 million on importing food that its own broad and fertile lands could produce without difficulty. Hardly 5 percent of the total area is under cultivation: the lowest proportion—and consequently the greatest waste—on earth. Furthermore, yields from the small acreage that is cultivated are very low. In many areas there are more pointed-stick plows than tractors. The use of modern techniques—not only the mechanization of tasks, but the aid and stimulation of the soil with fertilizers, herbicides, seeds, pesticides, and artificial irrigation—is the exception rather than the rule. In a manner sometimes recalling the “Sun King” Louis XIV, the latifundio forms a constellation of power which, in Maza Zavala’s apt phrase, multiplies mouths but not bread. Instead of absorbing labor, the latifundio expels it: in forty years the proportion of rural workers in Latin America has fallen from 63 to 40 percent. There are plenty of technocrats, mechanically applying ready-made formulas, to tell us that this is a sign of progress: massive transfer of the peasant population accelerated urbanization. The unemployed continually vomited by the system do indeed pour into the cities and extend its suburbs. But the factories, which also create unemployment as they modernize, provide no refuge for this surplus and nonspecialized labor force. The scanty technical advances in the countryside sharpen the problem. Landlords increase their profits by adopting more modern ways to exploit their properties; as more hands become idle, the gap separating rich and poor only widens. For example, the introduction of motorized equipment eliminates more rural jobs than it creates. Malnutrition is the normal lot of Latin Americans who produce the food in dawn-to-dusk workdays; they receive paupers’ wages while the income produced by the countryside is spent in the cities or sent abroad. A technical improvement that increases the soil’s meager yields while leaving the property system intact is certainly no blessing to the peasants, despite its contribution to general progress. There is no rise in their wages, nor any participation in the crop. The countryside radiates poverty to the many and wealth to very few. Private airplanes soar over forlorn deserts, sterile luxury is spawned in fashionable resorts, and Europe teems with banknote-stuffed Latin American tourists who neglect to cultivate their lands but not their souls.

Paul Bairoch attributes the principal weakness of the third world’s economy to the fact that its median agricultural productivity is only half what today’s developed countries achieved on the eve of the Industrial Revolution. In fact, for industry to expand harmoniously, a much greater increase in the production of food and agricultural raw materials is needed. Food because the cities keep growing and eating more; raw materials for the factories and for export, so that agricultural imports can be cut and foreign sales, which provide currency needed for development, increased. Furthermore, domestic consumption, which must expand if infant industries are to thrive, is enfeebled by the latifundio-minifundio system. Hunger wages in the countryside and the ever growing reserve army of unemployed encourage this weakness: the emigrants from the rural areas who come to beat on city doors keep pushing down the overall level of the workers’ wages.

Ever since the Alliance for Progress trumpeted the need for agrarian reform to the four winds, the oligarchy and technocracy have tirelessly elaborated projects. Dozens of projects—fat ones, thin ones, broad and narrow ones—gather dust on the shelves of every Latin American
parliament. No curse is attached anymore to the theme of agrarian reform: politicians have learned that the best way not to have it is to keep invoking it. The simultaneous processes of concentration and atomization of the land continue olympically in most of the countries.

Nevertheless, exceptions are beginning to break through. For the countryside is not merely a seed bed of poverty: it is also a seed bed of rebellion, and acute social tensions often lie concealed behind the apparent resignation of the masses. Brazil's Northeast, for example, impresses one at first as a kingdom of fatalism whose inhabitants consent to die of hunger as passively as they accept nightfall at the end of each day. Yet it is not so long, after all, since that mystical explosion when the Northeasterners fought beside their way-out Messiahs, raising cross and gun against armies to bring the Kingdom of Heaven to this world; nor since the cangaceiros created waves of violence. Fanatics and bandoleiros, seeking Utopia and vengeance, made a bed for the river of desperate peasant protest, even though it was still blind. The peasant leagues later recovered and deepened these fighting traditions.

The military dictatorship that seized power in Brazil in 1964 was prompt to announce its agrarian reform. Paulo Schilling has drawn our attention to the uniqueness of the Instituto Brasileiro de Reforma Agrária: instead of distributing land to the peasants, it proceeded to expel them and to restore to the latifundistas the acreage that had been spontaneously invaded or expropriated under previous governments. In 1966 and 1967, before press censorship was applied with greater rigor, the dailies used to report the spoliations, conflagrations, and persecutions with which the military police carried out the hardworking institute’s orders. In 1964 Ecuador proclaimed another agrarian reform that deserves recognition: the government distributed unproductive land only, while facilitating the concentration of better land in the grip of the big landlords. Half of the land distributed by Venezuela's agrarian reform, beginning in 1960, was public property; big commercial plantations were untouched, and such generous indemnities were paid to expropriated latifundistas that they bought new land in other areas with the profits.

In 1968, a couple of years before his fall, Argentine dictator Juan Carlos Onganía tried to apply a new tax system to rural property. The idea was to tax unproductive “bare plains” more heavily than productive land. The cattle oligarchy protested to high heaven and mobilized their own forces on the General Staff, and Onganía had to forget his heretical idea. Like Uruguay, Argentina’s naturally fertile lands and benign climate have brought it relative prosperity in Latin America. But erosion does its remorseless work on the vast abandoned plains, which are neither farmed nor used for pasture, and the same occurs on a large part of the millions of hectares used for cattle-raising. This extensive method—again as in Uruguay, but to a smaller extent—was at the bottom of the crisis that shook the Argentine economy in the 1960s. Argentine latifundistas show no interest in technical innovations. Productivity is low because it suits them; the law of profit prevails over all others. Extending estates by buying new acreage is more remunerative and less risky than applying modern intensive techniques.* In 1931, the Sociedad Rural defended the horse against the tractor: “Cattle farmers! Working with horses on agricultural tasks is protecting your own and the country’s interests!” Twenty years later it insisted: “It is easier, as a well-known military man has said, to put grass in a horse’s stomach than gas in the tank of a heavy truck.” According to ECLA calculations, in proportion to arable acreage Argentina has sixteen times fewer tractors than France and nineteen times fewer than Britain. Also in proportion, the country consumes 140 times less fertilizer than West Germany. Yields of wheat, corn, and cotton are much lower in Argentina than in developed countries.

Juan Domingo Perón had defied the interests of Argentina’s landowning oligarchy by imposing the Statute of the Peon and compliance with a rural minimum wage. In 1944 the Sociedad Rural declared: “In fixing wages, it is essential to determine the standard of living of the ordinary peon. His material needs are sometimes so limited that the use to which any surplus will be put is of little social interest.” The Sociedad Rural

* From the large-scale livestock owners’ standpoint, artificial pasture means transferring capital into an investment that is larger, more risky, and at the same time less profitable than the traditional investment in extensive cattle-farming. Thus the private interest of the producer is in contradiction with the interest of society as a whole: the quality and yield of cattle can only improve, beyond a certain point, through the increase of nutrients in the soil. The country needs cows to produce more meat and sheep to produce more wool, but the landlords make greater profits from yields at the present level. In this matter, the conclusions of the University of Uruguay's Instituto de Economía are equally applicable to Argentina.25
continues to refer to peons as if they were animals, and its reflections on the workers' limited need to consume provide an unintentional key to the limitations of Argentine industrial development: the internal market neither expands nor deepens sufficiently. Perón’s economic development policy never broke the structure of agricultural underdevelopment. In a speech at the Teatro Colón in June 1952, Perón denied any intention of agrarian reform, and the Sociedad Rural commented officially: “It was a masterly dissertation.” In Bolivia, thanks to the agrarian reform of 1952, nutrition visibly improved over large areas of the altiplano—so much so that increases in height were noted among the peasants. Yet the Bolivian population as a whole still consumes barely 60 percent of the protein and 20 percent of the calcium necessary for a minimal diet; rural consumption is even more deficient than these average figures reveal. While agrarian reform can certainly not be called a failure, the division of altiplano land has not been enough to prevent Bolivia from spending one-fifth of its foreign currency on imported food.

The agrarian reform introduced in 1969 by the military government in Peru looked from the outset like a serious experiment. As for the Eduardo Frei administration’s expropriation of some Chilean latifundios, it must at least be credited with opening a channel for the radical agrarian reform which the new president, Salvador Allende, is announcing as I write these pages.

**The Thirteen Northern Colonies and the Importance of Not Being Born Important**

In Latin America, private appropriation of land always came before its useful cultivation. The most backward aspects of the present property system are not the offspring of crises, but emerged in periods of great prosperity; inversely, periods of economic depression have tempered the voracity of the latifundistas in acquiring new acreage. In Brazil, for example, the decline of sugar and the virtual disappearance of gold and diamonds made possible, between 1820 and 1850, legislation providing that anyone who occupied land and made it produce acquired title to it. The rise of coffee as a new “king product” produced the 1850 Law of Lands, cooked to the taste of oligarchic politicians and military men and denying ownership of land to those who worked it when the great spaces of the interior, to the south and west, were being opened up. This law was subsequently “reinforced and ratified . . . by abundant legislation that decreed purchase as the only form of access to land, and created a civil registration system that would make it nearly impossible for a poor farmer to legalize his land, and stipulated as the sale value of the unoccupied government lands much higher price levels than the current ones for land already appropriated.”

U.S. legislation in the same period had the opposite aim: it was to promote the internal colonization of the country. Covered wagons rolled westward into virgin lands with pioneers who extended the frontier at the cost of slaughtered Indians. The Homestead Act of 1862 assured every family of ownership of a quarter section, a lot one-half mile square; each beneficiary committed himself to farm his parcel for a minimum of five years. The public domain was colonized with startling speed and the population grew and spread like a great oil smear. The fertile land that was to be had almost gratis drew European peasants like a magnet: they crossed the ocean and then the Appalachians onto the wide-open prairies. Thus it was free farmers who occupied the new central and western territories. As the country grew in extent and population, unemployment was avoided by the creation of farm jobs, and at the same time an internal market—the multitude of farmer-proprietors—was generated with substantial purchasing power to sustain industrial development.

In contrast, the rural workers who have pushed Brazil’s frontier inland for more than a century have not been—and are not—free peasant families seeking a piece of land of their own, but (as Ribeiro notes) braceros contracted to serve latifundistas who have already taken possession of the great open spaces. The interior deserts have never been accessible, except in this way, to the rural population. Workers have hacked their way through the jungle with machetes to open up the country for the benefit of others. Between 1950 and 1960, sixty-five Brazilian latifundios absorbed a quarter of the new land brought under cultivation.

These two opposite systems of internal colonization reveal one of the most important differences between U.S. and Latin American development models. Why is the north rich and the south poor? The Rio
Landlords, miners, and merchants had been born to fulfill the mission of supplying Europe with gold, silver, and food. Goods moved along the roads in only one direction: to the port and overseas markets. This also provides the key to the United States’ expansion as a national unit and to the fragmentation of Latin America. Our production centers are not interconnected but take the form of a fan with a far-away vertex.

One might say that the thirteen colonies had the fortune of bad fortune. Their history shows the great importance of not being born important. For the north of America had no gold or silver, no Indian civilizations with dense concentrations of people already organized for work, no fabulously fertile tropical soil on the coastal fringe. It was an area where both nature and history had been miserly: both metal and the slave labor to wrest it from the ground were missing. Those colonists were lucky. Furthermore, the northern colonies, from Maryland to New England to Nova Scotia, had a climate and soil similar to British agriculture and produced exactly the same things. That is, as Sergio Buitros notes, they did not offer products complementary to the metropolis. The situation in the Antilles and the mainland Spanish-Portuguese colonies was quite different. Tropical lands produced sugar, tobacco, cotton, indigo, turpentline; a small Caribbean island had more economic importance for England than the thirteen colonies that would become the United States.

These circumstances explain the rise and consolidation of the United States as an economically autonomous system, one which did not drain abroad the wealth it produced. The ties between colony and metropolis were slender. In Barbados and Jamaica, on the other hand, only the capital necessary to replace worn-out slaves was reinvested. Thus it was not racial factors that decided the development of the one and the underdevelopment of the other; there was nothing Spanish or Portuguese about Britain’s Antillean islands. The truth is that the economic insignificance of the thirteen colonies permitted the early diversification of their exports and set off the early and rapid development of manufacturing. Even before independence, North American industrialization had official encouragement and protection. And England took a tolerant attitude while it strictly forbade its Antillean islands to manufacture so much as a pin.

* Lewis Hanke and the other authors of Do the Americas Have a Common History? stretch their imaginations in vain trying to find parallels between Northern and Southern historical processes.
3. The Invisible Sources of Power

As Lungs Need Air, So the U.S. Economy Needs Latin American Minerals

In June 1969, when the astronauts had put the first human footprints on the moon, the father of that achievement, Werner von Braun, announced to the press a U.S. plan for a remote space station with functions that were less remote: he heralded an observation platform from which we will be able to examine all the wealth of the earth, including unknown petroleum, copper, and zinc deposits.

Petroleum continues to be our world's chief fuel, and the United States imports one-seventh of the petroleum it consumes. Bullets are needed to kill Vietnamese, and bullets need copper: the United States buys abroad one-fifth of the copper it uses. Shortages of zinc cause increasing anxiety; over half comes from abroad. Planes cannot be built without aluminum, and aluminum cannot be produced without bauxite: the United States has almost no bauxite. Its great steel centers—Pittsburgh, Cleveland, and Detroit—do not get enough iron from the Minnesota deposits, which are on the way to exhaustion, and there is no manganese within the United States: one-third of its iron and all of its manganese are imported. Nor has it any nickel or chrome of its own to produce jet engines. Tungsten is needed to make special steels and one-fourth of that is imported.

This growing dependence on foreign supplies produces the growing identification of the interests of U.S. capitalists operating in Latin America with U.S. national security. The internal stability of the world's greatest power is closely linked with its investments south of the Río Grande. About half of those investments are in the extraction of petroleum and minerals, indispensable for the U.S. economy in peace and war. In 1959, the chairman of the Chamber of Commerce International Department said: "Historically, one of the United States' chief reasons for investing abroad has been to develop natural resources, particularly minerals and more especially petroleum. It is quite obvious that incentives for this type of investment can only grow. Our needs for raw materials are continually increasing as the population expands and living standards rise. At the same time our domestic resources are depleted."1 Government, universities, and big corporations invest astronomical amounts in scientific laboratories, which make new discoveries and inventions at a dizzy pace, but the new technology still has not found a substitute for the basic materials nature alone provides. At the same time, the materials necessary to meet the challenge of its industrial growth become increasingly scarce in the United States' own subsoil.

By-Products of the Subsoil: Coup d'État, Revolutions, Spy Dramas, etc.

The wealth of iron beneath Brazil's Paraopeba valley overthrew two presidents—Jânio Quadros and João Goulart—before Marshal Castelo Branco, who made himself dictator in 1964, graciously handed it over to the Hanna Mining Company. An earlier friend of the U.S. ambassador, President Eurico Dutra (1946-1951), had handed Bethlehem Steel the 40 million tons of manganese in the state of Amapá—one of the world's biggest deposits—for 4 percent of the income from exporting it. Since then Bethlehem has been moving the mountains to the United States so enthusiastically that in fifteen years' time Brazil may have no manganese for its own steel industry. Furthermore, thanks to the generosity of the Brazilian government, $88 of each $100 Bethlehem invests in mineral extraction are tax exempt, in the name of "regional development." As we can see, the experience of the lost gold of Minas
blood, coughing, the sensation of a leaden weight on the back and acute chest pains are the signs that herald it. After the medical diagnosis, pilgrimages to an endless chain of bureaucrats. You are allowed three months before eviction from your house.

After the explosions we could talk. The workers' cheeks bulged with coca and greenish juice oozed through their tight lips. A miner passed in a hurry, splashing up mud from between the rails of the gallery. "That's a new man," they told me. "See how fresh he looks in his army pants and yellow jacket? Just came on the job, and how he works! He still thinks he's smart. Still doesn't feel anything."

The technocrats and bureaucrats do not die of silicosis, but they live off it. The general manager of the Corporación Minera Boliviana (COMIBOL) earns 100 times as much as a worker. From a slope that falls sharply to a riverbed, in the Llallagua region, one can see the María Barzola pampa. It was so named in honor of the militant woman worker who, the Bolivian flag sewn to her body, was machine-gunned at the head of a demonstration thirty years ago. Beyond the María Barzola pampa one can see Bolivia's best golf course—the one Catavi's engineers and chief officials use. Dictator Rene Barrientos had cut the miners' hunger wages in half in 1964 and at the same time had raised salaries for technicians and chief bureaucrats. The top-echelon salaries are secret—secret and paid in dollars. There is an all-powerful "advisory group" of technicians from the Inter-American Development Bank, the Alliance for Progress, and the foreign credit bank, who lay down the guidelines for the nationalized mines in Bolivia—to such an extent that COMIBOL, by now a state within a state, has become living propaganda against the nationalization of anything. The power of la roca, the old oligarchy, has been replaced by that of a numerous "new class" which has devoted its best efforts to sabotaging the state-owned mines from within. The engineers not only torpedoed every project and plan for a national smelter, but helped to confine state mining within the limits of the old Patiño, Aramayo, and Hochschild deposits, accelerating the process of draining the reserves. Between the end of 1964 and April 1969, Barrientos, with the open complicity of technicians and managers, broke the sound barrier in the surrender of Bolivian subsoil resources to imperialist capital. Sergio Almaraz has told the story of tin concessions to the International Mining Corporation. With a mere $5,000 in declared capital, this pompously named enterprise secured a contract that enabled it to amass more than $900 million.8

Iron Teeth in Brazil's Flesh

The United States pays less for Brazilian and Venezuelan iron than for iron from its own subsoil. But this is not the key to the feverish desire for iron ore deposits abroad: more than just a business, capture of foreign mines is an imperative of national security. Steel cannot be made without iron, and 85 percent of U.S. industrial production contains steel in some form. As we have seen, the subsoil is becoming exhausted. When supplies from Canada were reduced in 1969, this was at once reflected in the increase of iron imports from Latin America.

Venezuela's Cerro Bolivar is so rich that its dirt is taken by U.S. Steel and loaded directly into the holds of U.S.-bound ships; its flanks betray the deep wounds that bulldozers are making in it. The company estimates that it contains some $8 billion worth of iron. In a single year, 1960, U.S. Steel and Bethlehem Steel realized a greater than 30 percent profit on their Venezuelan iron investment, and this profit equaled all the taxes paid the Venezuelan state in the decade since 1950. Since both firms sell the iron ore to their own steel mills in the United States, they have no interest in defending prices; on the contrary, it suits them that the raw material should be as cheap as possible. The world price of iron, which fell sharply between 1958 and 1964, has been relatively stable since and remains so; meanwhile, the price of steel has continued to rise. Steel is produced in the world's wealthy centers, iron in the poor suburbs; steel pays "labor aristocracy" wages, iron mere subsistence wages.

Thanks to information gathered and published by the International Geological Congress in Stockholm in 1910, U.S. businessmen could for the first time evaluate the amount of wealth in the subsoil of various countries. One of these—perhaps the most tempting—was Brazil. Many years later, in 1948, the U.S. embassy in Brazil created a new job: "minerals attaché." From the start he had at least as much work as the military or cultural attachés—so much, indeed, that two minerals attachés were soon appointed instead of one. Soon Bethlehem Steel
received the splendid Amapá manganese deposits from Eurico Dutra's government. By 1952 Brazil had agreed, in a military pact with the United States, not to sell raw materials of strategic value—such as iron—to any socialist country. This was one of the causes of the tragic fall of President Getulio Vargas, who sold iron to Poland and to Czechoslovakia in 1953 and 1954 at much higher prices than the United States was paying. In 1957 Hanna Mining paid $6 million for most of the shares of the British firm St. John Mining, which had been exploiting Minas Gerais gold since the empire's early days. St. John operated in the Paraopeba valley, where the greatest iron reserves on earth, valued at $200 billion, are located. The British firm was not legally authorized to exploit this fabled wealth, and, under clear constitutional and legal clauses (which Duarte Pereira lists in his work on the subject), neither was Hanna. But as it was later realized, this was the business deal of the century.

At the time Hanna's chairman, George Humphrey, was a big wheel in the U.S. government—he was secretary of the treasury and director of the Export-Import Bank (Eximbank), the official bank for financing foreign trade operations. St. John had asked Eximbank for a loan, but nothing came of it until Hanna took over the firm. After that, successive Brazilian governments were subjected to fierce pressure: Hanna's directors, lawyers, and advisers—Lucas Lopes, José Luiz Bulhões Pedroira, Roberto Campos, Mario da Silva Pintos, Otavio Gouveia de Bulhões—were also top-level members of the Brazilian government and continued occupying posts as ministers, ambassadors, and directors of services in subsequent years. Hanna had picked its general staff sagaciously. The bombardment to recognize Hanna's right to exploit the iron which properly belonged to the state grew in intensity. On August 21, 1961, President Jânio Quadros signed a bill annulling the illegal rights extended to Hanna and restoring Minas Gerais iron to the national reserve. Four days later the armed forces made Quadros resign: "Terrible forces have risen against me," said the text of his resignation.

A popular rising in Pôrto Alegre, headed by Leonel Brizola, frustrated the military coup and put Quadros's vice-president, João Goulart, in power. But when a minister sought to implement the fatal decree against Hanna, U.S. Ambassador Lincoln Gordon wired Goulart, indignantly protesting the government's threatened strike against the interests of a U.S. concern. The judiciary decreed Quadros's bill valid, but Goulart vacillated. Meanwhile, Brazil set the wheels in motion for a minerals transshipment depot in the Adriatic which would supply iron to various European countries, socialist and capitalist. Such a direct sale of iron ore implied an intolerable defiance of the big firms that manipulate global prices. The depot never materialized, but other nationalist measures—such as plugging the drain of the foreign concerns' profits—were implemented and proved to be detonators in an explosive political situation. The Damoclean sword of the Quadros bill remained hanging over Hanna's head. Finally, on the last day of March 1964, the coup d'état exploded in Minas Gerais, where the disputed iron deposits happened to be located. "For Hanna," commented Fortune, "the revolt that overthrew Goulart last spring arrived like a last-minute rescue by the 1st Cavalry."99

Hanna men moved in to occupy the vice-presidency and three ministries. On the day of the military revolt, the Washington Star had run an editorial that was at least prophetic: "Here is a situation in which a good, effective, old-style coup by conservative military leaders may well serve the best interests of all the Americas."100 Goulart had still neither resigned nor left Brazil when President Lyndon Johnson, unable to restrain himself, sent his famous congratulatory telegram to Raniert Mazzilli, who had provisionally assumed the presidency: "The [North] American people have watched with anxiety the political and economic difficulties through which your great nation has been passing and have admired the resolute will of the Brazilian community to resolve these difficulties within a framework of constitutional democracy and without civil strife."101 A little over a month later Ambassador Lincoln Gordon, on a euphoric tour of army barracks, said in a speech at the war college, the Escuela Superior de Guerra, that the success of the plot "might be included with the Marshall Plan proposal, the Berlin blockade, the defeat of Communist aggression in Korea, and the solution of the Cuban missile crisis as one of the most important moments of change in mid-twentieth century world history."102 One of the U.S. embassy's military officials had offered material aid to the plotters shortly before the coup, and Gordon himself had suggested that the United States would recognize an autonomous government in São Paulo if it could maintain itself for two days. It is not worth detailing all the evidence of
the importance of U.S. economic aid (we will take this up later), and of U.S. help on the military and trade union level, in the dénouement of these events.*

After it tired of throwing the books of Dostoevski, Tolstoy, Gorky, and other Russians into bonfires or into Guanabara Bay, and after it had sentenced countless Brazilians to exile, prison, or the grave, the Castelo Branco dictatorship got down to business: it gave away the iron and everything else. Hanna got its decree on December 24, 1964. This Christmas parcel contained not only total freedom to exploit the Paraopeba deposits in peace, but support for the firm’s plans to open a port of its own sixty miles from Rio and to build a railroad to transport the iron. In October 1965, Hanna formed a consortium with Bethlehem Steel for joint exploitation of the iron deposits. The tireless Lincoln Gordon had finished the job, everyone could live happily ever after, and he left to preside over a university in Baltimore. In April 1966, after some months of vacillation, Johnson named John Tuthill as his replacement, explaining that he had delayed because Brazil needed a good economist.

U.S. Steel did not lag behind. Why should it be left off the party invitation list? Before long it teamed up with a state mining enterprise, the Companhia Vale do Rio Doce, which in effect became its official pseudonym. Resigning itself to no more than 49 percent of the shares, U.S. Steel thus got the Sierra de los Carajás iron deposit concession in Amazonia. Technicians say that it compares in size with Hanna-Bethlehem’s bonanza in Minas Gerais. The Brazilian government, as usual, said that Brazil lacked the capital to exploit its own wealth.

**The Black Curse of Petroleum**

Along with natural gas, petroleum is today the chief fuel that keeps our world in motion; it is a raw material of rising importance for the chemical industry and is the basic strategic material for military activities. Nothing compares with this “black gold” as a magnet for foreign capital, nothing earns such lush profits, no jewel in the diadem of capitalism is so monopolized, and no businessmen wield the global political power of the great petroleum corporations. Standard Oil and Shell seat and unseat kings and presidents, finance palace plots and coups d’état, have innumerable generals, ministers, and James Bonds at their command, and make decisions about peace or war in every field and every language. Standard Oil of New Jersey (now Exxon) is the capitalist world’s biggest industrial enterprise; outside the United States no industrial enterprise has greater power than Royal Dutch/Shell. Affiliates sell crude petroleum to subsidiaries which refine it and sell it to branch organizations for distribution: there is no loss of blood in the whole internal circulatory system of the cartel, which also owns the pipelines and most of the oil fleets on the seven seas. Prices are manipulated on a world scale to keep taxes low and profits high: the crude petroleum gets constantly cheaper, the refined constantly more expensive.

With petroleum, as with coffee or meat, rich countries profit more from the work of consuming it than do poor countries from the work of producing it. The ratio is ten to one: of the $11 that the derivatives of a barrel of petroleum sell for, countries exporting the world’s most important raw material get a sum total of $1 from taxes and extraction costs. Countries in the developed zone, where the oil companies have their head offices, get the other $10, the sum total of their own taxes—eight times larger than those of the producing countries—and the costs and profits of transport, refining, processing, and distribution, monopolized by the big corporations.14

While petroleum from U.S. wells enjoys high prices and U.S. oil workers’ wages are comparatively generous, the price of Venezuelan and Middle Eastern petroleum has been falling through the late 1950s and all through the 1960s. A barrel of Venezuelan petroleum, for example, cost $2.65 in 1957 and $1.86 as this chapter is written. The Rafael Caldera administration has promised to unilaterally fix the price much higher, but even by manipulating statistics it will not reach the 1957 level. The United States is at the same time the biggest producer and the biggest importer of petroleum. When most of the crude petroleum sold by the oil companies came from U.S. wells, the price was kept up;
but when, during World War II, the United States became a net importer and the cartel began applying a new policy, the price systematically sagged. An odd inversion of the "laws of the market": the price of petroleum falls as world demand rises and factories, automobiles, and generating plants multiply. And another paradox: while the price of petroleum falls, the price consumers everywhere pay for fuel rises. There is an enormous disproportion between the price of crude oil and that of its derivatives. This whole chain of absurdity is perfectly rational: no need to seek an explanation in supernatural forces. For, as we have seen, the oil business in the capitalist world is in the hands of an all-powerful cartel. The cartel was born in 1928, in a castle wreathed in Scottish mists, when Standard Oil of New Jersey, Shell, and Anglo-Iranian (now known as British Petroleum) agreed to divide up the planet. Standard Oil of New York (now Mobil), Standard Oil of California, Gulf, and Texaco joined later. Founded by Rockefeller in 1870, Standard Oil had split in 1911 into thirty-five different firms under the requirements of the Sherman Anti-Trust Act; the first of the teeming Standard family as we now know it is Standard Oil of New Jersey. Today its petroleum sales, added to those of Standard Oil of New York and Standard Oil of California, amount to half of the cartel's entire sales. The Rockefeller group of oil concerns is so vast that it accounts for one-third of all profits earned throughout the world by all U.S. corporations. Standard Oil of New Jersey, a typical multinational corporation, earns its biggest profits abroad, with Latin America bringing in more than the United States and Canada put together: south of the Río Grande its profit rate is four times higher. In 1957, more than half of its global profits came from its Venezuelan affiliates; in the same year Shell's Venezuelan affiliates accounted for half of Shell's world profits. These multinational corporations do not belong to the nations in which they operate: their multinationality consists in funneling a torrent of petroleum and dollars from the four points of the compass into the capitalist system's centers of power. They have no need to export capital to finance the expansion of their business; the profits taken out of poor countries not only flow directly to the few cities where their major coupon-clippers live, but they are partially reinvested to strengthen and extend the international operations network. The structure of the cartel implies the domination of many countries and the penetration of many governments; petroleum saturates presidents and dictators and further deforms the societies it conscripts into its service. It is the corporations, pencils on a terrestrial globe, that decide which zones will be exploited and which held in reserve, what price producers must get and consumers must pay. The natural wealth of Venezuela, and of other oil-bearing Latin American lands subjected to this organized looting, has become the chief instrument of political servitude and social degradation. This is a long story of infamies, of deeds of business prowess which have spread a black curse across the earth.

Cuba brought handsome peripheral profits to Standard Oil of New Jersey. Standard Oil bought crude oil from its Venezuelan affiliate, Creole Petroleum, and refined and distributed it on the island at prices that best suited it at each stage. When the Cuban Revolution was in full effervescence in October 1959, an official State Department note to Havana expressed concern about the future of U.S. investments in Cuba: bombardments by "pirate" planes from the north had already begun and relations were tense. In January 1960, President Eisenhower cut the Cuban sugar quota, and in February Fidel Castro signed a trade agreement with the USSR to exchange sugar for petroleum and other products at prices beneficial to Cuba. Standard Oil of New Jersey, Shell, and Texaco refused to refine Soviet petroleum, and in July the Cuban government nationalized them without compensation. The corporations, headed by Standard Oil, began a blockade, first boycotting qualified personnel, then machinery replacement parts, then transportation. The conflict was a test of sovereignty and Cuba emerged with flying colors. It simultaneously stopped being a star in the U.S. flag and a cog in the worldwide Standard Oil machine.

Twenty years earlier, Mexico had had its own experience of an international embargo decreed by Standard Oil of New Jersey and Royal Dutch/Shell: from 1939 to 1942 the cartel organized a blockade of Mexican petroleum exports and of supplies for its wells and refineries. President Lázaro Cárdenas had nacionalized the oil concerns. Nelson Rockefeller, who had graduated as an economist in 1930 with a thesis on his own Standard Oil's virtues, journeyed to Mexico to negotiate an agreement, but Cárdenas would not budge. Standard Oil and Shell, having divided up Mexico by taking the north and the south respectively, defied Mexican Supreme Court rulings on the application of
Mexican labor laws; at the same time, they drained the famous Fajo de Oro deposits with startling speed and were making Mexicans pay more for their own petroleum than they received for what was sold in the United States and in Europe. In a few months of feverish exporting, wells that could have continued producing for thirty or forty years were drained dry. “Nearly three decades of foreign operations had robbed Mexico of her richest oil deposits,” writes Harvey O’Connor, “and left only a collection of antique refineries, depleted fields, ramshackle camps, the slum city of Tampico, and bitter memories.”

In less than twenty years production had dropped by 80 percent. Mexico was left with a decrepit industry, geared to foreign demand, and 14,000 workers; the technicians took off and even the transportation network disappeared. Cárdenas made recovery of the petroleum a national crusade and conquered the crisis with imagination and courage. Today Pemex (Petróleos Mexicanos), the enterprise created in 1938 to take charge of all production and marketing, is the largest nonforeign concern in Latin America. Although between 1947 and 1962 the Mexican government paid heavy indemnities to the expropriated corporations out of Pemex’s profits, Mexico, as Jesús Silva Herzog has said, “is not the debtor of these pirate companies but their legitimate creditor.” In 1949 Standard Oil vetoed a loan the United States was going to make to Pemex, and years later, after generous indemnities had healed the wounds, Pemex had a similar experience with the Inter-American Development Bank.

Uruguay was the first Latin American country to install a state refinery. ANCAP was created in 1931, and the refining and sale of crude petroleum were to be among its chief functions. It was a national response to a long history of abuse by the international cartel on the Río de la Plata. At the same time, the state contracted to buy cheap petroleum from the USSR. The cartel immediately financed a campaign of calumny against the Uruguayan state concern and began threatening that no one would sell Uruguay machinery, it would find itself without any crude petroleum, the state was incompetent to run such a complicated business. The palace coup of March 1933 exuded the smell of oil; the Gabriel Terra dictatorship annulled ANCAP’s right to monopolize fuel imports, and in January 1938 it signed ominous “secret agreements”—still in effect—with the cartel, agreements which the public did not learn of for a quarter of a century. Uruguay has to buy 40 percent of its crude petroleum from whomever Standard Oil, Shell, Atlantic, or Texaco might indicate, at prices fixed by the cartel; and the state, while retaining the refining monopoly, has to pay all the corporations’ costs, including publicity, executive salaries, and luxurious office furnishings. “Esso es progreso”—Esso is progress—warbles the TV, and the advertising barrage does not cost Standard Oil a cent. The Banco de la República’s lawyer is also in charge of Standard Oil’s public relations: the state pays him for both jobs.

In 1939 ANCAP’s refinery—emasculated shortly after birth, as we have seen, but still an example of defiance to cartel pressure—was operating successfully. The chief of Brazil’s Conselho Nacional del Petróleo, General Horta Barbosa, went to Montevideo and was exhilarated by what he saw: the Uruguayan refinery had paid off almost all of its installation costs in a single year. Thanks to the efforts of Barbosa and the enthusiasm of other nationalist military men, the Brazilian state enterprise was able to get under way in 1953, to the cry of “The petroleum is ours!” Today Petrobras is the biggest concern in Brazil. It explores, extracts, and refines Brazilian petroleum. But Petrobras was also emasculated when the cartel appropriated two of its big sources of income. First, the distribution of gasoline, oils, kerosene, and various fuels, an enormous business which Esso, Shell, and Atlantic manage effortlessly by telephone and so profitably that it attracts more U.S. investment than anything in Brazil except the automobile industry. Second, the lush petrochemical industry, which the Castelo Branco dictatorship denationalalized a few years ago. Recently the cartel started a loud campaign to take the refining monopoly away from Petrobras. Petrobras’s defenders recall that before 1953, when the field was wide open, private industry paid no attention to Brazilian petroleum, and remind the short-memoried public of an episode that illustrates the goodwill of the monopolies. In 1960 Petrobras assigned two Brazilian technicians to head up a survey of the country’s deposits. As a result of its reports, the little Northeastern state of Sergipe took the lead in

*This is still a normal phenomenon in various countries. In Colombia, for example, where petroleum is freely exported without any taxes, the state refinery buys Colombian petroleum from foreign concerns at a price 37 percent higher than the world price, and has to pay in dollars.
petroleum production. Shortly before, in August, U.S. technician Walter Link, who had been chief geologist for Standard Oil of New Jersey, had received $500,000 from the Brazilian state for a pile of maps and an extensive report belittling the Sergipe deposits as "unviable": until then they had been rated "Grade B," and Link demoted them to "Grade C"; it was subsequently established that they were Grade A.19 According to Harvey O'Connor, Link was said to have worked the whole time as a Standard Oil agent, intending in advance not to find any petroleum so that Brazil would remain dependent on imports from the Rockefeller affiliate in Venezuela.20

Likewise in Argentina, the foreign concerns and their native echoes have always insisted that the subsoil contains little petroleum, although investigations by technicians of Yacimientos Petrolíferos Fiscales (YPF), the state organization, have established beyond doubt that deposits exist beneath almost half of the national territory and the Atlantic coastal shelf. Each time talk of the Argentine subsoil’s poverty becomes fashionable, the government makes a new concession to some member of the cartel. YPF has been the target of continuous and systematic sabotage since its inception. Until a few years ago, Argentina was one of the last historical settings for the interimperialist conflict between declining Britain and the ascendant United States. Cartel agreements did not prevent a dispute, sometimes involving violence, between Shell and Standard Oil over Argentina’s petroleum: the coups d’etat that have followed one after the other in the past forty years provide some eloquent coincidences. The Argentine Congress was ready to pass the oil nationalization law on September 6, 1930, when José Félix Uriburu’s barracks putch ousted nationalist leader Hipólito Irigoyen from the presidency. The Ramón Castillo government fell in June 1943 when it was signing an agreement to promote oil extraction by U.S. capitalists. In September 1955, Juan Domingo Perón went into exile when the Argentinian Congress was about to approve a concession to Standard Oil of California. Arturo Frondizi set off more than one acute crisis in the three branches of the armed services by announcing that the country’s entire subsoil would be put up for bids by concerns interested in extracting petroleum. In August 1959 the offer was called off for lack of bidders. The plan was promptly revived and again called off in October 1960. Frondizi made various concessions to U.S. members of the cartel, and

British interests—decisive in the navy and in one political group in the army—played a part in his fall in March 1962. Arturo Illia annulled the concessions and was overthrown in 1966; Juan Carlos Ongania’s hydrocarbons law the following year showed the United States to be the final victor in the internal struggle.

Petroleum has not only sparked coups d’état in Latin America: it also set off a war—the Chaco War of 1932–1935—between South America’s two poorest peoples. René Zavaleta called the mutual massacre of Bolivians and Paraguayans “the war of the naked soldiers.”21 Louisiana Senator Huey Long shook the United States on May 30, 1934, with a violent speech accusing Standard Oil of New Jersey of provoking the conflict and of financing the Bolivian army so that it would appropriate the Paraguayan Chaco on its behalf. It needed the Chaco—which was also thought to be rich in petroleum—for a pipeline from Bolivia to the river. “These criminals,” Long charged, “have gone down there and hired their assassins.” At Shell’s urging, the Paraguayans marched to the slaughterhouse: advancing northward, the soldiers discovered Standard Oil’s perforations at the scene of the dispute. It was a quarrel between two corporations, enemies and at the same time partners within the cartel, but it was not they who shed their blood. In the end Paraguay won the war but not the peace. Spuille Braden, the notorious Standard Oil agent, chaired the negotiating commission which retained for Bolivia and for Rockefeller thousands of square miles claimed by the Paraguayans.

Close to the battlefields of that war lie the oil wells and great natural gas deposits which Gulf Oil, the Mellon family concern, lost in Bolivia in October 1969. “The days of indignity for Bolivia are ended,” cried Alfredo Ovando in proclaiming nationalization from the Quemado Palace balcony. Two weeks earlier, before he had taken power, Ovando had sworn to a group of nationalist intellectuals that he would nationalize Gulf; he had drafted the decree, signed it, and kept it undated in an envelope.22

* Long took off the adjectival brakes regarding Standard Oil, calling it "criminal . . . evil . . . wicked . . . domestic assassin . . . foreign assassin . . . international conspirator . . . a gang of rapacious highwaymen and thieves . . . a bunch of vandals and thieves." 22

† Five months earlier, René Barrientos’s helicopter had tangled fatally with telegraph wires in the Arque ravine. Human imagination could not have conceived of a more perfect death. The helicopter was a personal gift from Gulf Oil; the telegraph wires belong to the state. Burned up
In addition to decreeing nationalization, Ovando annulled the Petroleum Code, called the "Davenport Code" in homage to the lawyer who drafted it in English. In return for accepting it Bolivia had obtained a U.S. loan in 1956; on the other hand, Eximbank, private New York bankers, and the World Bank had always turned down requests for credit to develop YPFB, the state petroleum organization. The U.S. government always makes common cause with private oil corporations.* Under the Code, Gulf received a forty-year concession to the country's richest fields. The Code provided for ridiculously low state participation in the companies' profits: for many years, a mere 11 percent. The state became a partner in the concessionaire's expenses but had no control over the spending, making this the last word in giveaways: the state took the risks, Gulf took none. In the "letter of intention" signed by Gulf at the end of 1966, during the Barrientos dictatorship, it was even provided that in joint operations with YPFB, Gulf would recover 100 percent of the capital it invested in exploration of an area if petroleum was not found. If it was found, expenses would be recovered through later exploitation, but meanwhile would be charged to the state organization as liabilities. And Gulf would appraise the expenses to its own taste.24 In this same "letter of intention," Gulf appropriated ownership of gas deposits which had never been conceded to it—the Bolivian subsoil contains much more gas than petroleum.

The party was not yet over. A year before Ovando expropriated Gulf in Bolivia, Velasco Alvarado had nationalized the deposits and refinery of Standard Oil of New Jersey's Peruvian affiliate, International Petroleum (IPC). Velasco had taken power at the head of a military junta and on the crest of a political scandal: the Belaúnde administration had "lost" the last page of the Talara agreement between the state and IPC. The vanished page contained the guarantee of the minimum price to be paid by IPC for crude petroleum produced at its refinery. The scandal did not end there. It was also disclosed that the Standard Oil subsidiary had swindled the state out of more than a billion dollars in unpaid taxes and other kinds of fraud and corruption over half a century. The head of IPC had had sixty interviews with President Belaúnde before reaching the agreement that sparked the military rising; for two years the U.S. State Department had suspended all aid to Peru while the negotiations proceeded, were broken off, and reopened.* There was hardly time to restore the aid since the submissive president's surrender sealed his fate. When the Rockefeller concern protested before a Peruvian court, people threw coins in its lawyers' faces.

Latin America is a Pandora's box; the tortured subcontinent's capacity to spring surprises is never exhausted. In the Andean region, military nationalism has come impetuously to the surface like a long-hidden subterranean river. The same generals who today are pursuing a contradictory but well-aimed policy of reform and patriotic affirmation were only yesterday mowing down guerrilleros. Thus many of the banners of the dead have been picked up by those who killed them. In 1965 the Peruvian officers were spraying guerrilla zones with napalm, their know-how supplied by IPC at the Las Palmas air base near Lima. The corporation could not foresee what lay in store for it.

Vultures over Lake Maracaibo

Though its participation in the world market has dwindled by half in the past decade, Venezuela is still the top petroleum exporter. Almost half the profits U.S. capitalists take from Latin America come from Venezuela. One of the world's richest countries, it is also one of the poorest and most violent. It boasts of Latin America's highest per-capita income and most complete and up-to-date highway network, and no country consumes as much Scotch whiskey per inhabitant. Immediately

*Examples abound in recent and remote history. Irving Florman, U.S. ambassador to Bolivia, reported to the White House's Donald Dawson on December 28, 1950: "Since my arrival here I have worked diligently on the project of throwing Bolivia's petroleum industry wide open to American private enterprise, and to help our national defense program on a vast scale." He went on: "I knew that you would be interested to hear that Bolivia's petroleum industry and the whole land is now wide open for free American enterprise. Bolivia is, therefore, the world's first country to denationalize or to have nationalization in reverse, and I am proud to have been able to accomplish this for my country and the administration."23

*When the scandal broke, the U.S. embassy failed to observe a prudent silence. One of its officials even said that no original copy of the Talara agreement existed.25
exploitable iron, petroleum, and gas reserves in its subsoil could multiply by ten the wealth of every Venezuelan; the population of Germany or England could fit into its enormous virgin lands. In half a century, oil rigs have extracted an income double the resources of the Marshall Plan. Since the first well blew, the population has multiplied by three and the national budget by 100, but most of the people scramble for the plush minority's leavings, still as poor as when the country depended on cacao or coffee. The capital, Caracas, has grown 700 percent in thirty years: the old city of airy patios, central plaza, and silent cathedral is covered with skyscrapers as Lake Maracaibo is covered with oil wells. Today it is a supersonic, deafening, air-conditioned nightmare, a center of oil culture that might pass as the capital of Texas. Caracas chews gum and loves synthetic products and canned foods; it never walks, and poisons the clear air of the valley with the fumes of its motorization; its fever to buy, consume, obtain, spend, use, get hold of everything leaves it no time to sleep. From surrounding hillside hovels made of garbage, half a million forgotten people observe the sybaritic scene. The gilded city's avenues glitter with hundreds of thousands of late-model cars, but in the consuming society not everyone consumes. According to the census, half of Venezuela's children and youths do not go to school.

Every day Venezuela produces 3.5 million barrels of petroleum to move the capitalist world's industrial machinery, but four-fifths of the concessions owned by Standard Oil, Shell, Gulf, and Texaco are untouched reserves and over half the value of the exports never returns to the country. Creole (Standard Oil) publicity brochures point with pride to the corporation's Venezuelan philanthropies much as the Royal Guipuzcoan Company proclaimed its own virtues in the eighteenth century; the profits milked from this wonderful cow, in proportion to capital invested, are only comparable with those obtained by old-time slave merchants and pirates. No country has yielded as much for world capitalism in so short a time: the wealth drained from Venezuela, according to Domingo Alberto Rangel, exceeds what the Spaniards took from Potosí or the English from India. Some estimates put the real profits of Venezuelan oil concerns at 38 percent in 1961 and 48 percent in 1962, although the profit rates announced in their balance sheets were 15 percent and 17 percent respectively. The difference is attributable to the juggling of accounts and to hidden transfers. In the complex mechanism of the oil business, with its multiple simultaneous price systems, it is hard to estimate the profits hidden behind the artificial reduction of the price of crude oil—which from well to gasoline pump always circulates through the same veins—and the artificial raising of production costs which include fancy salaries and inflated publicity expenditures. But by official figures, Venezuela, far from receiving new investments from abroad, has experienced systematic de-investment in the past decade. It suffers an annual bloodletting of more than 300 million, "convicted and confessed" as "interest on foreign capital". The only new investments are provided by the country itself. Meanwhile, oil extraction costs are falling sharply as the companies use less labor. From 1959 to 1962 alone, the work force was cut by 10,000; somewhat more than 30,000 workers remained active, but by the end of 1970 petroleum only employed 23,000. Yet production has greatly increased in the decade.

Growing unemployment sharpened the crisis in the Lake Maracaibo oil camps, The lake is a forest of towers. Within these iron structures the endlessly bobbing pumps have for half a century pumped up all the opulence and all the poverty of Venezuela. Alongside, flames lick skyward, burning the natural gas in a carefree gift to the atmosphere. There are pumps even in houses and on street corners of towns that spouted up, like the oil, along the lakeside-towns where clothing, food, and walls are stained black with oil, and where even whores are known by oil nicknames, such as "The Pipeline," "The Four Valves," "The Derrick," "The Hoist." Here clothing and food cost more than in Caracas. These modern villages, of cheerless birth but quickened by the euphoria of easy money, have discovered that they have no future. When the wells die, survival becomes something of a miracle: skeletons of houses remain, oily waters lick abandoned shores and poison the fish. Mass firings and growing mechanization bring misfortune, too, to cities that live from exploiting still-active wells. "Oil has come and gone for us here," people were saying in Lagunillas in 1966. "It would have been better for us if these machines had never come..." Cabimas, which for fifty years was Venezuela's biggest oil source and brought so much prosperity to Caracas and the oil companies, does not even have privies. It has two asphalt streets.
The euphoria began in the 1920s. Around 1917 oil co-existed in Venezuela with traditional latifundios, those enormous extensions of thinly populated or idle land where hacendados kept up production by whipping their peons or burying them alive up to the waist. At the end of 1922 the La Rosa well started gushing, 100,000 barrels a day, and the petroleum orgy was on. Lake Maracaibo sprouted rigs and derricks and was invaded by helmeted men; peasants swarmed in to build plank-and-oilcan huts on the bubbling ground and offer their muscles to petroleum. Plains and forests resounded for the first time with Oklahoma and Texas accents, and in the bat of an eye seventy-three companies were born. The carnival king of the concessions was Juan Vicente Gómez, an Andean cattleman who spent his twenty-seven years as dictator (1908-1935) making children and business deals. While the black geysers spouted on all sides, Gómez took petroleum shares from his bursting pockets to reward his friends, relations, and courtiers, the doctor who looked after his prostate, the generals who served as his bodyguard, the poets who sang his praises, and the archbishop who gave him a special dispensation to eat meat on Good Friday. The great powers covered Gómez's breast with gleaming decorations: the automobiles invading the world's highways needed food. The dictator's favorites sold concessions to Shell or Standard Oil or Gulf; the traffic in influence and bribes provoked speculation and set mouths watering for subsoil. Native communities were robbed of their lands and many farm families lost their holdings in one way or another. The petroleum law of 1922 was drafted by representatives of three U.S. firms. The oilfields were fenced in and had their own police. No one could enter without a company pass, and even the roads on which the oil was transported to the ports were barred to other traffic. When Gómez died in 1935, oil workers cut the barbed wire surrounding the camps and proclaimed a strike. The following years were dangerously explosive.

The fall of the Rómulo Gallegos government in 1948 ended three years of reform. The victorious military brass rapidly cut state participation in the petroleum extracted by cartel affiliates. Tax cuts in 1954 afforded Standard Oil $300 million in additional profits. A U.S. businessman had said in Caracas in 1953: "Here you have freedom to do what you like with your money; for me, this freedom is worth more than all political and civil freedoms put together." When dictator Marcos Pérez Jiménez was overthrown in 1958, Venezuela was one huge oilwell, surrounded by jails and torture chambers and importing everything from the United States: cars, refrigerators, condensed milk, eggs, lettuce, laws, and decrees. In 1957, the biggest of Rockefeller's enterprises, Creole, had declared profits equaling almost half its total investment. The ruling revolutionary junta raised the tax on its profits from 26 percent to 45 percent; in reprisal the cartel promptly lowered the price of Venezuelan petroleum and began to fire workers en masse. The price fell so low that despite the tax raise and increased oil exports, the state collected $60 million less in 1958 than in the previous year.

The governments that followed did not nationalize the oil industry, but neither did they grant new oil-extracting concessions to foreign companies until 1970. Meanwhile, the cartel speeded production from its Near Eastern and Canadian deposits; in Venezuela, prospecting for new wells virtually ceased and export was paralyzed. The policy of denying new concessions only made sense if the state petroleum corporation would fill the breach; but the corporation has only drilled a few wells here and there, confirming that it has no other function than that stated by President Rómulo Betancourt: "Not to achieve the dimension of a major enterprise, but to serve as intermediary for negotiations on the new concession formula." The new formula was proclaimed several times but never put into practice. In 1970, under the Christian Democratic regime of Rafael Caldera, progress was said to be well advanced toward signing "service contracts" under which the companies would explore and exploit 250,000 hectares in partnership with the state. Another form of fig-leaved imperialism, the mixed-enterprise system, had previously been used to deliver most of the petrochemical industry—synthetic rubber, polyethylene, ammonia, urea—to Union Carbide and a Standard Oil subsidiary.

The industrializing thrust that has taken shape and strength during the past two decades shows visible symptoms of exhaustion, of an impotence that is all too familiar in Latin America: the internal market, limited by the poverty of the masses, cannot sustain the development of manufactures beyond certain limits. At the same time, agrarian reform, initiated by the Acción Democrática administration, has traveled less than half of the road its creators promised to traverse.
Salvador Garmendia, the novelist who reinvented the prefabricated hell of this whole conquest culture, the culture of petroleum, wrote to me in the middle of 1969:

Have you seen the apparatus that extracts crude petroleum? It looks like a big black bird whose sharp-pointed head rises and falls heavily day and night without stopping for a second: it is the only vulture that doesn’t eat shit. What do we do when the characteristic sound of the sipper tells us there isn’t any more oil? The grotesque overture is already beginning to be heard over Lake Maracaibo, where fabulous communities grew up overnight, with movies, supermarkets, dance halls, a profusion of whorehouses and gambling dens—where money had no value. I recently made a trip through there and felt claws in my stomach. The smell of death and decay overpowers the smell of oil. The towns are semi-deserted, wormeaten, ulcerated, the streets deep in mud, the stores dilapidated. One of the companies’ old divers goes down every day with a saw to cut lengths of abandoned pipeline which he sells as old iron. People are beginning to talk about the “companies” as if conjuring up a golden fable. They live like acrobats on a tightrope of myths about the old days, when fortunes were squandered on a turn of the dice or a week-long drinking orgy. Meanwhile, the pumps continue bobbing up and down and the rain of dollars falls on Miraflores, the government palace, to be turned into superhighways and other cement monsters. Seventy percent of the country lives a totally marginal existence. In the cities an unconcerned, well-paid middle class stuffs itself with useless objects and makes a strident cult of imbecility and bad taste. The government recently announced with great fanfare that it had exterminated illiteracy. Sequel: in the recent electoral fiesta the registration lists showed a million illiterates between eighteen and fifty years of age.
only from Pentagon technicians but also from Brazilian generals who, in turn, are to the Pentagon as an echo to a voice. Through open contraband channels, Brazilian industrial products invade the Paraguayan market, but the São Paulo factories that produce them have belonged to U.S. corporations since the denationalizing avalanche of recent years.

Stroessner considers himself the heir to López. How can the Paraguay of a century ago be mentioned in the same breath with the Paraguay of today, the emporium of La Plata basin smuggling and the kingdom of institutionalized corruption? Yet at a political demonstration where the government party claimed both Paraguays at once to stormy applause and cheers, a boy openly hawked contraband cigarettes from a vendor’s tray: the fervent gathering puffed nervously at Kents, Marlboros, Camels, and Benson & Hedges. The scantly middle class in Asunción drinks Ballantine’s whiskey instead of Paraguayan aguardiente. In the streets one sees late-model luxury cars made in the United States or Europe, brought in as contraband or after payment of a trifling customs duty, moving beside ox-drawn carts slowly bringing fruit to the market: the soil is worked with wooden plows and the taxis are 1970 Impalas. Stroessner defines contraband as “the price of peace”: the generals fill their pockets and hatch no plots. Industry, of course, enters its death throes before it can grow. The state does not even implement the decree requiring preference for domestic products in public spending. In this area the only triumphs proudly displayed by the government are the Coca-Cola and Pepsi-Cola plants, installed at the end of 1966 as a U.S. contribution to the progress of the Paraguayan people.

The state declares that it will only intervene directly in the creation of enterprises “when the private sector shows no interest,” and the Banco Central informs the International Monetary Fund that it “has decided to establish a regime of free exchange and abolish restrictions on trade and on currency transactions.” A booklet published by the Ministry of Industry and Trade advises investors that the country grants “special concessions to foreign capital.” Foreign concerns are exempt from taxes and customs duties so as “to create a propitious climate for investment.” The National City Bank of New York recovers all its invested capital in one year of business in Asunción. The foreign bank appropriates the national savings and extends external credits to Paraguay, credits which further deform its economy and further mortgage its sovereignty. In the countryside, 1.5 percent of proprietors own 90 percent of the cultivated land, and less than 2 percent of the total land area is under cultivation. The official colonization plan in the Caaguazú triangle offers hungry peasants more graves than gain.* The fatherland denies its children the right to work and daily bread, and Paraguayans emigrate en masse.

The furnaces of the Ibycui foundry, where the cannon used in the defense of the invaded fatherland was forged, were constructed in a place now called Mina-cué, which means “It was mine” in Guaraní. There, among the swamps and mosquitos, near a crumbling wall, you can still see the base of a chimney blown up by the invaders a century ago, and pieces of rusted steel that were part of the structure. The few ragged peasants who live in the area don’t even know which war it was that caused the destruction, but they say that sometimes at night you can hear the sounds of machinery and hammers, the roar of cannon, and the shouts of soldiers. The Triple Alliance has been a great success.

**How Loans and Railroads Deformed the Latin American Economy**

René Chateaubriand, France’s foreign minister under Louis XVIII, wrote in presumably well-informed disgust: “In the hour of emancipation the Spanish colonies turned into some sort of British colonies.” He cited some figures. Between 1822 and 1826, he said, Britain had extended to the liberated Spanish colonies ten loans for a nominal value of around £21 million, but after deduction of interest and middlemen’s commissions scarcely £7 million had actually reached Latin America. At the same time, more than forty limited stock companies had been created in London to exploit Latin America’s natural resources—mines,

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* Many peasants have finally opted to return to the minifundio region in the center of the country, or have joined the new exodus to Brazil, where they offer their cheap labor to Curitiba and Mato Grosso yerba mate plantations or Paraná coffee plantations. Most desperate is the plight of the pioneer, who finds himself face to face with the jungle, totally without technical know-how or credit assistance, with government-“granted” lands from which he must wrest enough to eat and to meet his payments—for if he fails to pay the stipulated price he does not get the land title.
agriculture—and to establish public service enterprises. Banks mushroomed in Britain: in one year, 1836, forty-eight were founded. British railroads appeared in Panama around mid-century, and the first streetcar line in Latin America was inaugurated by a British firm in 1868 in the Brazilian city of Recife. The Bank of England also directly financed government treasuries: Latin American public bonds actively circulated, with their crises and booms, in the British financial market. Their public services in British hands, the new states from their inception faced a flood of military expenditures and also had to cope with external payment deficits. Free trade involved a frenzied increase in imports, especially of luxury articles; governments contracted debts, which in turn called for new loans, so that a minority could live fashionably. The countries were mortgaging their future in advance, moving away from economic freedom and political sovereignty. Except in Paraguay (whose contrary effort was crushed), the process was similar throughout Latin America—and still is, although the creditors and the mechanisms are different. The need for external financing became, like the addict’s need for morphine, indispensable. Holes were dug for the sake of filling them. Nor is the deterioration of commercial terms of exchange a phenomenon peculiar to our own day. According to Celso Furtado, the prices of Brazilian exports fell 40 percent between 1821 and 1830 and between 1841 and 1850, while foreign import prices remained stable: Latin America’s vulnerable economies compensated for the decline with loans. 28

“The finances of these young states,” writes Robert Schnerb, “are not sound... They must resort to inflation, which produces depreciation of the currency, and to onerous loans. These republics’ history may be said to be that of the economic obligations they incur to the all-absorbing world of European finance.” 29 In fact, bankruptcy, payment suspensions, and desperate refinancing were frequent. Pounds sterling ran out like water between the fingers. Of the £1 million loan that the Buenos Aires government negotiated with Baring Brothers in 1824, Argentina received only £570,000, and that not in gold (as stipulated) but in paper. The loan consisted of drafts on orders sent to British businessmen in Buenos Aires, who had no gold with which to pay since their real mission was to send all precious metals that came their way to London. So Argentina received paper but was required to pay in gold; it was not until early in this century that Argentina canceled the debt, which successive refinancings had inflated to £4 million. Buenos Aires province had been completely mortgaged—all its revenues, all its public lands—as guarantee of payment. As the finance minister in the period when the loan was contracted said: “We are not in a position to take measures against foreign trade, particularly British, because we are bound to that nation by large debts and would expose ourselves to a rupture which would cause much harm...” The use of debt as an instrument of blackmail is not, as we can see, a recent U.S. invention.

Such usurious operations put bars around free nations. By the middle of the nineteenth century, servicing of the foreign debt absorbed almost 40 percent of Brazil’s budget, and every country was caught in the same trap. Railroads formed another decisive part of the cage of dependency: when monopoly capitalism was in flower, imperialist influence extended into the colonial economies’ remote backyards. Many of the loans were for financing railroads to bring minerals and foodstuffs to export terminals. The tracks were laid not to connect internal areas one with another, but to connect production centers with ports. The design still resembles the fingers of an open hand: thus railroads, so often hailed as forerunners of progress, were an impediment to the formation and development of an internal market. The imperialist nations also achieved this in other ways, especially through a tariff policy cut to the British pattern. For example, freightage on articles processed in the Argentine interior was much higher than on unfinished goods. Railroad charges became a curse that made it impossible to manufacture cigarettes in tobacco-growing areas, to spin and weave in wool centers, or to finish wood in forest zones. True, the Argentine railroad developed the Santiago del Estero timber industry, but with such results that a local author groaned: “Oh, that Santiago had never had a tree!” 30 The cross-ties were made of wood, and charcoal served as fuel; the lumber camps created by the railroad broke up rural communities, destroyed agriculture and cattle-farming by razing pastureland and shade trees, enslaved several generations of Santiagans in the forests, and furthered depopulation. The mass exodus has not stopped and today Santiago del Estero is one of Argentina’s poorest provinces. When the railroads switched to fuel oil, the region was plunged into a deep crisis.
It was not British capital that laid the first tracks across Argentina, Brazil, Chile, Guatemala, Mexico, and Uruguay. Nor in Paraguay, as we have seen; but the railroads built by the Paraguayan state, with the help of European technicians, passed into British hands after the defeat. The other countries’ railroads went the same way without producing a single centavo of new investment; furthermore, the state contracts took care to assure the companies a minimum profit level, to avoid possible unpleasant surprises. Decades later, at the end of World War II, when the railroads yielded no more dividends and had fallen into relative disuse, the public authorities got them back. Almost all of the states bought the scrap iron from the British and thus nationalized the companies’ losses.

When the railroads were booming, the British concerns had often obtained considerable land concessions on either side of the tracks, in addition to the railbeds themselves and the right to build new branch lines. The land was an additional business bonanza. A fabulous gift to the Brazilian railway in 1911 led to the burning of countless huts and the eviction or death of peasant families in the concession area. It was this that triggered off the “Contestado” revolt, one of the greatest outbursts of popular fury in Brazilian history.

PROTECTIONISM AND FREE TRADE IN THE UNITED STATES: A Success Due Not to an Invisible Hand

When the Triple Alliance was announcing Paraguay’s imminent destruction in 1865, General Ulysses S. Grant was celebrating Lee’s surrender at Appomattox. The Civil War brought victory to Northern industrialists—unblushing protectionists—over the free-trade cotton and tobacco planters of the South. Thus the outbreak of the war that sealed Latin America’s colonial fate coincided with the end of the war that enabled the United States to consolidate its position as a world power. As the newly elected president said:

For centuries England has relied on protection, has carried it to extremes, and has obtained satisfactory results from it. There is no doubt that it is to this system that it owes its present strength. After two centuries, England has found it convenient to adopt free trade because it thinks that protection can no longer offer it anything. Very well then, gentlemen, my knowledge of our country leads me to believe that within two hundred years, when America has gotten out of protection all that it can offer, it too will adopt free trade.31

Two and a half centuries earlier, adolescent English capitalism had sent to its North American colonies its men, its capital, its way of life, its incentives, and its projects. The thirteen colonies, safety valves for Europe’s surplus population, soon turned to account the “handicap” of their poor soil and subsoil, and from early days developed an industrializing philosophy which the metropolis did little to discourage. In 1631 the recently arrived colonists in Boston launched a thirty-ton sloop, Blessing of the Bay, which they had built themselves, and from then on the shipping industry grew rapidly. White oak, abundant in the woods, was ideal for the framing and hulls; decks, bowsprits, and masts were made of pine. Massachusetts subsidized production of hemp for rigging and ropes, and also encouraged local manufacture of canvas and sails. To the north and south of Boston the coasts were dotted with prosperous shipyards. The colonial governments extended subsidies and premiums to all kinds of manufacture. There were incentives to promote the production of flax and wool, raw materials for crude fabrics which, if not over-elegant, were weatherproof and national. To exploit Lynn iron deposits, the first foundry went into operation in 1643; soon Massachusetts was supplying iron to the whole region. When the stimuli to textile production seemed insufficient, this colony opted for compulsion: in 1855 it imposed heavy penalties on any family failing to keep at least one spinning wheel continuously active. In the same period each county of Virginia had to select children for instruction in textile manufacture. It was also prohibited to export hides, so that these could be used domestically for making boots, belts, and saddles.

Economic historian Edward Kirkland wrote that the handicaps with which colonial industry must contend come from every direction except British colonial policy. Indeed, 3,000 miles’ distance and the difficulties of communication made proscriptive legislation lose nearly all its force and favored the trend toward self-sufficiency. The Northern colonies sent no gold, silver, or sugar to England, while their consumption needs produced an excess of imports which had somehow to be checked. Trade across the ocean was light; hence development of local manufactures was indispensable for survival. England paid such scant attention to
these colonies in the eighteenth century that they were able to introduce the latest metropolitan techniques into their factories, turning restrictive colonial pacts into scraps of paper. This was far from true of the Latin American colonies, which delivered their air, water, and salt to ascendant European capitalism and, in return, received a largesse of the finest and costliest luxury goods to pamper their ruling classes. The only expanding activities in Latin America were those oriented toward export, and so it continued in succeeding centuries: the economic and political interests of the mining and landlord bourgeoisie never coincided with the need for internal economic development, and businessmen were linked less with the New World than with foreign markets for the metals and foodstuffs they wanted to sell and with foreign sources of the manufactured articles they wanted to buy.

When the United States declared its independence, it had the same population as Brazil. The Portuguese metropolis—as underdeveloped as the Spanish—exported its underdevelopment to the colony. Throughout the eighteenth century, Brazil's economy had been orchestrated into the British symphony as imperial supplier of gold. This function was reflected in the colony's class structure. Unlike the United States, Brazil's ruling class was not made up of farmers, manufacturing entrepreneurs, and domestic businessmen. The chief interpreters of ruling-class ideals in the two countries, Alexander Hamilton and the Viscount de Cairu (one of the main figures influencing the opening of the ports in 1808), expressed the difference clearly. Both had been disciples, in England, of Adam Smith. But while Hamilton had become a champion of industrialization and a promoter of state protection for national industry, Cairu believed in the invisible hand that worked the magic of liberalism: laissez faire, laissez passer, laissez vendre.33

By the end of the eighteenth century, the United States had the world's second merchant fleet, consisting entirely of ships built in its own yards, and its textile and steel mills were in surging growth. Soon afterward its machine industry got under way, eliminating the need for its factories to buy capital goods abroad. The zealous Mayflower pilgrims had laid the foundations of a nation in the New England countryside; along its coast of deep bays and great estuaries an industrial bourgeoisie had continuously grown and prospered. In this, as we have seen, the Antilles trade—including the sale of African slaves—had played a major role, but the U.S. achievement would not have happened if it had not been kindled from the outset by a fierce nationalist flame. George Washington had advised in his farewell address that the United States should pursue a lone course. Emerson proclaimed in 1837: "We have listened too long to the courtly muses of Europe. . . . We will walk on our own feet; we will work with our own hands; we will speak our own minds."34

Public funds broadened the internal market. The states built roads and railroads, bridges and canals. In mid-century, the state of Pennsylvania participated in launching more than 150 mixed-economy enterprises, in addition to administering the $100 million invested in public works. The military operations which grabbed more than half of Mexico's territory also contributed substantially to the country's progress. But the state participated in the development process with more than capital investment and the military costs of expansion; in the North a tough protectionist policy had been inaugurated. The landlords of the South, on the contrary, were free traders. Cotton production doubled every ten years, and while it brought a large commercial income to the whole country and fed Massachusetts's modern textile mills, it depended above all on European markets. The Southern aristocracy, like that of Latin America, was primarily linked to the world market; 80 percent of the cotton spun in European mills came from the toil of Southern slaves. When abolition of slavery was added to Northern industrial protectionism, the contradiction set off the war. North and South confronted each other as two opposed worlds, two historical eras, two antagonistic philosophies of the national destiny. The twentieth century won this nineteenth-century war.

Let every free man sing . . .

Old King Cotton is dead and buried, sang a poet of the victorious army. After General Lee's defeat customs duties—which had been raised during the conflict to provide revenue and had remained in force to protect the industry of the victors—became sacred. Congress voted the ultra-protectionist "McKinley" tariff in 1890, and the Dingley Act further hiked customs duties in 1897. Soon afterward the developed countries of Europe felt obliged to erect customs barriers against the invasion of dangerously competitive U.S.
manufactures. The word “trust” had been coined in 1882: petroleum, steel, foodstuffs, railroads, and tobacco were dominated by monopolies that advanced with giant strides.*

Before the Civil War Grant had participated in the plunder of Mexico; after it he was a protectionist president: all part of the same process of national affirmation. Northern industry was conducting the orchestra of history and, as political master of the state, seeing to its interests from the seat of power. The agricultural frontier moved westward and southward at the expense of Indians and Mexicans, but it was with small holdings, not latifundios, that it filled the new open spaces. The promised land not only attracted European peasants; masters of the most varied crafts and workers skilled in mechanics, metallurgy, and steel production also came from Europe to enrich the country’s industrialization. By the end of the century the United States was the leading industrial power; in thirty years after the Civil War its factories had multiplied its production capacity by seven. It produced as much coal as Britain and twice as much steel, and had nine times as many miles of railroad. The center of the capitalist world was beginning to move.

After World War II the United States began to emulate Britain in exporting the doctrine of free trade and free competition, so that other people could consume. The International Monetary Fund and World Bank emerged together to deny to underdeveloped countries the right of protecting their national industries, and to discourage state action in those countries. Infallible curative properties were attributed to private enterprise. But the United States did not abandon an economic policy which still remains rigidly protectionist, and which listens carefully to the voice of history: in the North the disease was never confused with the remedy.

* The South became an internal colony of Northern capitalists. After the war, propaganda for spinning-mill construction in the two Carolinas, Georgia, and Alabama assumed the dimension of a crusade. But this was no victory for a moral cause, and no pure humanitarianism fathered the new industries; the South offered cheaper labor and power and soaring profits, sometimes amounting to 75 percent. Capital flowed from the North to tie the South to the system’s center of gravity. The tobacco industry, concentrated in North Carolina, was directly under the Duke trust; headquartered in New Jersey to take advantage of more favorable laws; in 1907 Tennessee Coal & Iron, which exploited Alabama’s iron and coal, came under the control of U.S. Steel, which from then on arranged prices and thus eliminated irksome competition. At the beginning of our century the South’s per capita income had fallen to half of what it was before the Civil War.**

5. The Contemporary Structure of Plunder

AN IMPOTENT TALISMAN

Of all the direct private investment in Latin America coming from abroad, less than one-fifth was from the United States when Lenin wrote Imperialism in the spring of 1916. Today, nearly three-quarters is from the United States. What was the imperialism Lenin knew? The rapacity of industrial centers seeking world markets for their merchandise; the fever to capture all possible sources of raw materials; the plunder of iron, coal, and petroleum; the railroads which linked the control of dominated areas; the voracious loans of the financial monopolies; the military expeditions; the wars of conquest. It was an imperialism that poisoned any place where a colony or semi-colony might dare to build a factory of its own. Industrialization was the privilege of the metropolis; in the poor countries it was incompatible with the rich countries’ system of domination. The end of World War II found European interests in full retreat from Latin America, and U.S. investments triumphantly advancing. Since then there has been an important change in the focus of investment. Step by step, year by year, capital put into public services and mining has lost importance, while investments in petroleum and, above all, in manufacturing have grown in proportion. At the present time $1 of every $3 invested in Latin America is invested in industry.*
In return for insignificant investments, the affiliates of giant corporations jump over customs barriers erected—paradoxically—against foreign competition, and take over the internal industrializing process. They export factories or, not infrequently, corner and devour those already existing. For this they can rely on the enthusiastic aid of most local governments and on the power of extortion with which international credit organizations endow them. Imperialist capital captures markets from within, appropriating the key sectors of local industry; it conquers or constructs the decisive strongholds from which to control the rest. The OAS describes the process thus: "Latin American enterprises continue in control of already established and less sophisticated industries and techniques, while private investment from the United States—and probably from other industrialized countries also—rapidly increases its participation in certain dynamic industries, which require a relatively high technical level and are more important in determining the course of economic development." Thus the dynamism of U.S. factories south of the Rio Grande is much more intense than that of Latin American industry in general. The figures for the three biggest countries are eloquent: with an index of 100 in 1961, Argentina's industrial product amounted to 112.5 in 1965, while in the same period sales by U.S.-affiliated concerns rose to 166.3. For Brazil the equivalent figures are 109.2 and 120; for Mexico, 142.2 and 186.8.

The interest of the imperialist corporations in appropriating Latin American industrial growth and capitalizing it for their own benefit does not, of course, imply a disinterest in traditional forms of exploitation. It is true that United Fruit's railroad in Guatemala stopped being profitable, and that nationalization by Brazil was splendid business for Electric Bond and Share and International Telephone and Telegraph, which received indemnities in pure gold for rusty installations and museum-piece machinery. But if public services are abandoned for more profitable activities, raw materials are a different matter. How would the Imperium make out without Latin America's oil and minerals? Despite the relative decline in mining investment, the U.S. economy cannot, as we have seen, do without the vital supplies from the south and the juicy profits they bring. Furthermore, the investments that turn Latin American factories into mere cogs in the giant corporations' machinery do not in any way alter the international division of labor. There is no change in the system of intercommunicating arteries through which capital and merchandise circulate between poor countries and rich countries. Latin America continues exporting its unemployment and poverty: the raw materials that the world market needs, and on whose sale the regional economy depends. Unequal exchange functions as before: hunger wages in Latin America help finance high salaries in the United States and Europe. Brazil, despite its industrialization, continues substantially dependent on coffee exports, Argentina on sales of meat; Mexico exports very few manufactures.

There are always politicians and technocrats ready to show that the invasion of "industrializing" foreign capital benefits the area invaded. In this version, the new-model imperialism comes on a genuinely civilizing mission, is a blessing to the dominated countries, and the true-love declarations by the dominant power of the moment are its real intentions. Guilty consciences are thus relieved of the need for alibis, for no one is guilty: today's imperialism radiates technology and progress, and even the use of this old, unpleasant word to define it is in bad taste. But when imperialism begins exalting its own virtues we should take a look in our pockets. We find that the new model does not make its colonies more prosperous, although it enriches their poles of development; it does not ease social and regional tensions, but aggravates them; it spreads poverty even more widely and concentrates wealth even more narrowly; it pays wages twenty times lower than in Detroit and charges prices three times higher than in New York; it takes over the internal market and the mainsprings of the productive apparatus; it assumes proprietary rights to chart the course and fix the frontiers of progress; it controls national credit and orients external trade at its whim; it denationalizes not only industry but the profits earned by industry; it fosters the waste of resources by diverting a large part of the economic surplus abroad; it does not bring in capital for development but takes it out. As various ECLA reports have shown, the hemorrhage of profits from direct U.S. investments in Latin America has been five times greater in recent years than the infusion of new investments. To
enable the corporations to take out their profits, Latin American countries mortgage themselves to foreign banks and international credit organizations, thus multiplying the flow of the next bloodlettings. The result is the same for industrial investment as it is for the "traditional" kind.

In the rigid framework of a global capitalism integrated around the big U.S. corporations, the industrialization of Latin America has increasingly less to do with progress and national liberation. The talisman was robbed of its power in the decisive defeats of the past century, when ports triumphed over interiors and free trade crushed new-born national industries. And the twentieth century produced no bourgeoisie strong and creative enough to reshooulder the task and follow it through to its end. Every effort petered out halfway to the goal. What happened to Latin America's industrial bourgeoisie was what happens to dwarfs: it became decrepit without having grown. Our bourgeois of today are agents and functionaries of prepotent foreign corporations. Truth compels us to admit that they never did anything to deserve a better fate.

THE GUARDS THEMSELVES OPEN THE GATES: THE GUILTY STERILITY OF THE NATIONAL BOURGEOISIE

The present structure of industry in Argentina, Brazil, and Mexico—the three touted poles of Latin American development—shows deformations characteristic of a reflected development. With rare exceptions, the satellization of industry in other, weaker countries has been easily achieved. There is certainly nothing competitive about a capitalism that today exports factories as well as merchandise and capital, that penetrates and hogs everything: this is a global industrial conglomerate by capitalism in the age of the multinational corporation, of the giant monopoly embracing every kind of activity in every corner of the earth. U.S. capital is more tightly concentrated in Latin America than in the United States itself; a handful of concerns control the overwhelming majority of investments. For them the nation is not a task to undertake, a flag to defend, or a destiny to fulfill: it is no more than a hurdle to leap—for sovereignty can be inconvenient—or a succulent fruit to devour. But is the nation a destiny to fulfill to the ruling classes in each country? The grand march of imperialist capital has found local industry defenseless and unaware of its historic role. The bourgeoisie has enlisted in the foreign invasion force without shedding tears or blood; and with the Latin American economy getting steadily weaker over the past two decades, the state's influence upon it has been reduced to an all-time low by the good offices of the International Monetary Fund. U.S. corporations went into Europe like conquistadors and grasped the reins of the old continent's development so firmly that before long, we are told, U.S. industry in Europe will be the world's third industrial power after the United States and the USSR. If the European bourgeoisie, with its tradition and power, has not been able to dam the flood, what hope is there that, at this stage of history, Latin America's bourgeoisie will lead the impossible venture of independent capitalist development? In fact, the denationalization process in Latin America has been much speedier and cheaper and has had far worse consequences.

The growth of Latin American manufacturing was sparked, in our century, from outside, rather than by planned national development policies. It has not been a maturing of productive forces; nor was it the result of an explosion of internal conflicts—conflicts allegedly "overcome"—between landlords and an ascendant artisan class, for that class was short-lived. Latin American industry was delivered from the very womb of the agro-export system, in response to an acute disequilibrium provoked by the fall of external trade. Two world wars, and especially the capitalist depression that followed "Black Friday" in October 1929, abruptly and violently curtailed the region's exports and consequently its capacity to import. Prices of suddenly scarce foreign industrial products soared. No industrial class free from traditional dependency emerged: the manufacturing impetus came from capital accumulated by landlords and importers. It was the big cattlemen who imposed exchange controls in Argentina. The chairman of the Sociedad Rural, who had become minister of agriculture, said in 1933: "The isolation in which we have been placed by a dislocated world obliges us to manufacture here what we can no longer buy in countries that buy from us." Coffee hacendados hurried to put much of their capital accumulated from external trade into the industrialization of São Paulo: "In contrast with the industrialization of already developed countries," a government document said, "Brazil's industrialization was not a slow
process, a part of a general process of economic transformation. It was rather a rapid and intense phenomenon, superimposed on the previously existing socioeconomic structure without entirely modifying it, giving rise to the profound sectoral and regional differences which characterize Brazilian society."

From the start, the new industry dug itself in behind protective customs barriers erected by the governments, and it grew thanks to measures taken by the state to restrict and control imports, fix special exchange rates, avoid taxation, buy or finance production surpluses, build roads for the transport of raw materials and merchandise, and create or extend sources of energy. The nationalist and broadly popular governments of Getúlio Vargas (1930–1945 and 1951–1954), Lázaro Cárdenas (1934–1940), and Juan Domingo Perón (1946–1955) expressed the need of Brazilian, Mexican, and Argentine industry to "take off," to develop or consolidate according to place and period. In Latin America, the "spirit of enterprise" that defines certain basic characteristics of the industrial bourgeoisie in developed capitalist countries was a characteristic of the state, especially in these decisive periods. Instead of the social class for which history clamored with small success, it was the government of the populist caudillos that embodied the nation and gave the masses political and economic access to the benefits of industrialization. The industrial bourgeoisie hatched in this incubator did not differ essentially from previous ruling classes. Perón, for example, inspired panic in the Unión Industrial—whose leaders, not without reason, saw the ghost of the provincial montoneras reappearing in the rebellion of the Buenos Aires suburban proletariat. Before Perón defeated it in the February 1946 elections, the conservative coalition received a famous check from the industrialists’ leader; ten years later, when Perón fell, it was again clear to them that their contradictions with the oligarchy—of which they for better or worse formed a part—were not fundamental. In 1956 the Unión Industrial made a united front with the Sociedad Rural and the Bolsa de Comercio in defense of free association, free enterprise, freedom to trade, and freedom to hire. In Brazil, an important sector of the manufacturing bourgeoisie closed ranks with the forces that drove Vargas to suicide. The Mexican experience had distinctive characteristics and promised much more to the Latin American process of change than it finally contributed. The Cárdenas nationalist cycle was the only one that broke lances with the landlords by carrying out the agrarian reform for which the country had agitated since 1910. In other countries—not merely in Argentina and Brazil—industrializing governments left the latifundio structure intact, so that it continued to strangle the internal market and agricultural production.*

Generally speaking, industry landed as an airplane does, without affecting the airport: conditioned by and serving the needs of a previously existing internal market, it never broadened that market enough to make great structural changes possible. Industrial development required more and more imports of machinery, spare parts, fuel, and intermediate products, but exports, the source of foreign currency, could not pay for these since they came from an activity condemned to backwardness by its masters. Under the Perón regime, the Argentine state achieved a monopoly of grain exports but did not touch the land-ownership system; nor did it nationalize the big U.S. and British meatpacking plants or the wool exporters. Thus the official push toward heavy industry was extremely weak and the state did not realize in time that if it did not give birth to a technology of its own, its nationalist policy would take flight with clipped wings. By 1953 Perón, who had come to power in direct confrontation with the U.S. ambassador, was giving Milton Eisenhower a rousing welcome and soliciting the cooperation of foreign capital in promoting dynamic industries.**

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* Chile, Colombia, and Uruguay also did some industrializing as a substitute for importing in the periods referred to here. Uruguayan President José Batlle y Ordóñez (1903–1907 and 1911–1915) had previously been a prophet of the bourgeois revolution in Latin America. Uruguay put the eight-hour day into law before the United States. Batlle’s welfare-state experiment was not limited to implementation of the most advanced social laws of the time; it also gave a strong impetus to cultural development and mass education, and nationalized public services and various economically important productive activities. But it neither touched the power of the landlords, nor nationalized banking or foreign trade. Today Uruguay suffers the consequences of the prophet’s perhaps inevitable omissions and of his successors’ betrays.

** The minister of economic affairs replied thus to a representative of the magazine Visión on November 27, 1953:

"Apart from the oil industry, what other industries does Argentina want to develop with the
for a “partnership” between national industry and the imperialist corporations became pressing as substitution for imported manufactures was speeded up and as the new factories required rising levels of technology and organization. The same trend emerged in Getulio Vargas’s industrialization plan, and was dramatized in Vargas’s final tragic decision. Foreign oligopolies, with their ultramodern technology, steadily and not very secretly took over the national industry of all Latin American countries, including Mexico, by the sale of manufacturing techniques, patents, and new equipment. Wall Street had definitely taken the place of Lombard Street, and it was the U.S. concerns which settled down to enjoy superpower in the region. To this penetration of the manufacturing field was added ever increasing interference in banking and commerce: the Latin American market was being integrated into the internal market of the multinational corporations.

In 1965 Roberto Campos, economic czar of the Castelo Branco dictatorship, announced that “the era of charismatic leaders surrounded by a romantic aura is giving place to a technocracy.” The U.S. embassy had directly participated in the coup against the João Goulart government; the fall of Goulart, Vargas’s heir in style and aim, rang down the curtain on populism and mass politics. “We are a beaten, dominated, conquered, destroyed nation,” a friend wrote to me from Rio de Janeiro some months after the success of the military plot: the denationalization of Brazil meant iron-fisted rule by an unpopular dictatorship. Capitalist development could no longer be fitted in with the great mass mobilization around a caudillo like Vargas. To contain runaway inflation at the expense of the greater poverty of the poor, the regime had to ban strikes and destroy unions and parties, to jail, torture, and kill, to cut workers’ wages by any means necessary. A survey in 1966-1967 showed that 84 percent of Brazil’s big industrialists thought the Goulart government’s economic policy had been harmful. Undoubtedly, among them were those captains of the national bourgeoisie Goulart tried to lean on in order to stem the imperialist bloodletting of the national economy. The cooperation of foreign capital?

“To be precise, let us cite in order of priority oil. . . Secondly, the steel industry. . . . Heavy chemistry. . . . Manufacture of transport units. . . . Manufacture of tires and axles. . . And construction of diesel engines.”

same process of repressing and strangling the people occurred under Onganía in Argentina—actually, it had begun with Perón’s defeat in 1955, just as in Brazil it began with the shot that killed Vargas in 1954. In Mexico, too, denationalization of industry coincided with increasingly repressive policies by the party that monopolizes the government.

As Fernando Henrique Cardoso has noted, light or “traditional” industry, which grew under the benevolent protection of populist governments, requires increased consumption by the masses, the people who buy shirts or cigarettes. But “dynamic” industry—the production of intermediate and capital goods—is directed toward a restricted market, one which has the big concerns and the state at its top: a few consumers with big financial resources. Dynamic industry, now in foreign hands, rests upon and subordinates previously existing traditional industry. In the traditional sectors, technologically at a low level, national capital retains some strength; the less the capitalist is tied to international modes of production by technological and financial dependence, the more he tends to favor agrarian reform and the raising of mass consumer-power through the trade union struggle. On the other hand, those with closest foreign connections, representing dynamic industry, simply want strengthened bonds between the dependent countries’ islands of development and the world economic system, and they subordinate internal transformations to this priority. Here are the throats from which the song of the industrial bourgeoisie emerges, as is shown in all the recent Argentine and Brazilian surveys Cardoso uses as raw material. The big businessmen are firmly opposed to agrarian reform; most of them deny that the manufacturing sector has different interests from the rural sector and believe that nothing is more important for industrial development than the cohesion of all productive classes and the strengthening of the Western bloc. Only 2 percent of the great industrialists in Argentina and Brazil think the workers are of primary political importance. Most of those interviewed were “national entrepreneurs”; and most were bound hand and foot to foreign power centers by the myriad bonds of dependency.

Could anything else be expected at this point? The industrial bourgeoisie is a dominant class dominated in turn from abroad. The chief latifundistas on the Peruvian coast, now being expropriated by the Velasco Alvarado government, are also owners of thirty-one transformation
industries and many other assorted enterprises. The situation is similar in all the other countries: a few hundred families own the factories and lands, the large businesses and banks. Mexico is no exception: the national bourgeoisie, subordinated to big U.S. concerns, is much more afraid of mass pressure than of imperialist oppression, in whose bosom it is developing without independence—and without the creative imagination attributed to it—and has efficiently multiplied its interests.* In Argentina, the founder of the Jockey Club, center of latifundista social prestige, was also the leading industrialist, and thus an immortal tradition was born at the end of the past century. Manufacturers with fattened bank accounts marry landlords' daughters to gain entry to the oligarchy's most exclusive salons, or buy land for the same purpose; and not a few cattle ranchers have—at least in boom periods—invested capital surpluses accumulated in their hands in industry. Faustino Fano, who made a good part of his fortune as a textile merchant and industrialist, held the presidency of the Sociedad Rural for four terms before his death in 1967: "Fano destroyed the false contradiction between agriculture and industry," his press obituaries proclaimed. Industrial surpluses are turned into cows. The powerful Di Tella brothers sold their auto and refrigerator factories to foreign capitalists and now raise prize bulls for Sociedad Rural shows. Half a century ago the Anchorena family, which owned Buenos Aires province up to its borders, built one of the city's biggest metallurgical plants.

In Europe and the United States, the industrial bourgeoisie made a very different kind of entrance onto the stage of history, and grew and consolidated its power in quite a different way.

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* As Alonso Aguilar says: "Mexican capitalists are more and more versatile and ambitious. With business freedom as their point of departure for acquiring wealth, they—or at least the most prominent—enjoy a network of channels through which to multiply and interweave their interests by friendships, business partnerships, marriage compaternity (compadrazgo) of children, extension of mutual favors, membership in certain clubs or groups, frequent social gatherings and, of course, affinity in their political positions."*10

5 He was Carlos Pellegrini. The Jockey Club honored him by publishing his speeches; those in which the industrialists' point of view were supported were omitted.11

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* "Which flag flies" is part of a famous saying by José Artigas. (Trans.)

The old woman stooped and fanned the fire with her hand. Back bent, wrinkled neck extended, she looked like an ancient black tortoise. But her ragged dress certainly gave less protection than a shell, and, after all, it was only the years that made her so slow. Behind her the wall of her hovel, made of bits of wood and tin, sagged like its occupant; beyond were similar hovels of the São Paulo slum. Before her the water for coffee was boiling in a blackened kettle. She lifted a small tin can to her lips and, before drinking, shook her head and shut her eyes. "O Brasil é nosso," she said—Brazil is ours. In the center of the same city, and at that same moment, the executive director of Union Carbide was thinking the same thing—but in another language—as he raised a crystal glass to drink to the firm's capture of still another Brazilian plastics factory. One of the two was mistaken.

Since 1964 Brazil's successive military dictators have marked the anniversaries of the various state enterprises by announcing their imminent denationalization, now known as "re recuperation." Ministers flock to celebrate every opening of a foreign factory. Law 56,570, passed on July 6, 1965, reserved the petrochemical industry for the state; Law 56,571, passed the same day, annulled Law 56,570, opening up petrochemicals to private investment. Thus directly, or through "partnership" with the state, Dow Chemical, Union Carbide, the Rockefeller group, and Phillips Petroleum won the most coveted "filet mignon," the oil derivatives industry in which a boom in the 1970s was anticipated. What happened in the few hours between the two laws? Rustling curtains, footsteps in the hallway, desperate bangings on the door, green bills in swift motion, a flurry in the palace: from Shakespeare to Brecht, many would have enjoyed describing it. A government minister admits: "In Brazil, apart from the state itself, and with honorable exceptions, only foreign capital is strong."12 And the government does its best to avoid any irksome competition with U.S. and European corporations.

Foreign capital for manufacturing began copiously flowing into Brazil in the 1950s, and got a strong impetus from the development plan President Juscelino Kubitschek put into effect between 1957 and
there were 133; they had $810 million in deposits in 1964 and $1.27 million in 1967. In 1968 and 1969 the foreign bankers' advance picked up speed: today First National City alone has 110 branches scattered through seventeen Latin American countries—the figure includes various recently acquired local banks. Chase Manhattan Bank acquired the Banco Lar Brasileiro (34 branches) in 1962, the Banco Continental (42 branches, in Peru) in 1964, the Banco del Comercio (120 branches, in Colombia and Panama) and the Banco Atlántida (24 branches, in Honduras) in 1967, and the Banco Argentino de Comercio in 1968. The Cuban Revolution had nationalized twenty U.S. banking agencies, but the bankers more than recovered from this blow: in 1968 alone more than seventy U.S. bank affiliates were opened in Central America, the Caribbean, and the smaller South American countries.

No one knows the precise extent of the simultaneous growth of parallel activities—subsidiaries, holding companies, finance companies, agencies. What is known is that an equal or greater amount of Latin American funds have been absorbed by banks which, while not operating openly as branches, are controlled from abroad through decisive blocks of shares or by the opening of conditional external lines of credit.

This banking invasion has served to divert Latin American savings to the U.S. enterprises established in the region, while national enterprises are strangled by lack of credit. The public relations departments of the various U.S. banks operating abroad unblushingly announce that their chief aim in the countries in which they operate is to channel internal savings into the multinational corporations which are their head offices’ clients. Let us indulge in a flight of the imagination: could a Latin American bank establish itself in New York and capture the national savings of the United States? The bubble explodes: such an outrage is expressly prohibited. U.S. banks, through numerous branches, dispose of Latin America's national savings at their pleasure. Latin America watches as the United States takes over its finances as tenderly as does the United States itself. In June 1966, however, the Banco Brasileiro de Descontos consulted its shareholders about a great and vigorous nationalist step which it proposed to take. It printed the phrase "Nos confiamos em Deus" on all its documents. The bank pointed with pride to the fact that the dollar bears the motto "In God We Trust."

The credit policies of such Latin American banks as have not been captured, infiltrated, or surrounded by foreign capital follow the same lines as National City, Chase Manhattan, and Bank of America affiliates: they, too, prefer to meet the requirements of foreign industrial and commercial enterprises, which enjoy solid guarantees and operate on a large-volume basis.

**The Contemporary Structure of Plunder**

The Government Economic Action Program worked out by Roberto Campos anticipated that, in response to such a benevolent policy, foreign capital would flow in to promote development and would contribute to economic and financial stability in Brazil.

New direct investments from abroad of $100 million were announced for 1965; $70 million arrived. There were assurances that the projections for 1965 would be surpassed in succeeding years, but the conjuring was in vain. In 1967, $76 million came in; the flight of profits and dividends, together with payments for technical aid, patents, royalties, and the use of brand names, amounted to more than four times the new investment. And on top of all this there were the clandestine remittances. The Banco Central admits that $120 million left Brazil in 1967 outside of legal channels. As we can see, far more went out than came in. Actually, new investments in the key years of industrial denationalization—1965, 1966, 1967—were well below the 1961 level. Most U.S. capital in Brazil is invested in industry, but it amounts to less than 4 percent of global U.S. investment in manufacturing. In Argentina it is a bare 3 percent; in Mexico 3.5 percent. Swallowing up Latin America’s biggest

*Speaking on December 22, 1966, at Mackenzie University in São Paulo, Campos insisted: "Since economies in the process of organization lack resources to dynamize themselves—for the simple reason that if they had them they would not be backward—it is right to accept the aid of all who want to run with us the risks of the marvelous adventure that is progress, in order to receive from it a part of the fruits."

† According to the Ministry of Planning and Economic Coordination, "The flow of interest, profits and dividends, royalties, and technical assistance payments from Brazil has shown a marked increase since 1965, when legislation altering the foreign investment law of 1962 became effective."25
industrial establishments has not meant great sacrifices for Wall Street. It has brought in few dollars and taken out many.

"Under modern capitalism, when monopolies prevail, the export of capital has become the typical feature," wrote Lenin. In our day, as Baran and Sweezy have pointed out, imperialism imports capital from the countries it operates in. In the period 1950-1967, new U.S. investments in Latin America (not including reinvested profits) totaled $3.921 billion. Profits and dividends sent abroad in the same period totaled $12.819 billion. The siphoned-off profits were more than three times the new capital invested in the region. According to ECLA, the profit bloodletting has since increased to five times the new investments; Argentina, Brazil, and Mexico have suffered the greatest widening of this escape hatch. But this is a conservative calculation. A substantial part of the funds repatriated as debt amortization is in fact identical with profits on investments, and the figures include neither remittances abroad for patents, royalties, and technical-aid payments, nor other invisible transfers customarily concealed under the rubric "errors and omissions." Nor do these figures take into account the profits that accrue to the corporations when they inflate the prices of the supplies they ship to their affiliates and—with equal enthusiasm—inflate their costs of operation.

The enterprises are equally imaginative with respect to the investments themselves. In effect, as the technical progress fever keeps shortening the periods of fixed capital renewal in advanced economies, most of the installations and factory equipment exported to Latin America have already completed a cycle of their useful life in their place of origin. Thus they have been partly or wholly amortized. This factor in investment abroad is overlooked: the value arbitrarily placed upon machinery is often a small fraction of what it is if the wear it has previously undergone is taken into account. Furthermore, the head office has no reason to involve itself in the expense of producing in Latin America the goods formerly sold to it from afar. And Latin American governments undertake to prevent this by advancing resources to the local affiliate, which has access to local credit from the moment it puts up a sign on the lot chosen for its factory. It gets exchange privileges for its imports—purchases the enterprise customarily makes from itself—and in some countries can even be assured of a special exchange arrangement to pay its external debts, which are often debts to the financial arm of the same corporation. A Brazilian magazine estimated that foreign currency input by the auto industry in Argentina between 1961 and 1964 was 3.5 times more than would have been needed to build seventeen thermoelectric and six hydroelectric stations, with a total power of more than 2,200 megawatts; and that it equaled in value the machinery and equipment that the dynamic industries would have to import over an eleven-year period to produce a 2.8 percent annual increment in product per inhabitant.

Technocrats Are Better Hold-Up Artists Than Marines

In taking out many more dollars than they bring in, the enterprises whet the region's chronic dollar hunger; the "benefited" countries are decapitalized instead of capitalized. And here the loan mechanism goes to work. International credit organizations are important in helping to dismantle the weak citadels of nationally capitalized industry and in solidifying neocolonial structures. "Aid" works like the philanthropist who put a wooden leg on his piglet because he was eating it bit by bit. The U.S. balance-of-payments deficit is the result of military spending and foreign aid, and is a critical sword of Damocles over U.S. prosperity. At the same time, it makes that prosperity possible: the Imperium sends forth its Marines to save its monopolists' dollars; more effectively, it sends its technocrats and loans to extend business and assume raw materials and markets.

At its global center of power the capitalism of our day exhibits a clear identity of interest between private monopolies and the state apparatus. Multinational corporations make direct use of the state to accumulate, multiply, and concentrate capital, to deepen the technological revolution, to militarize the economy, and by various means to assure success

* President Kennedy has already admitted that in 1960, "from the under-developed world, which needs capital—we took in $1,300,000,000 and we sent out in capital for investment $200,000,000. . . .*27

† Between 1955 and 1966, for example, the mysterious "errors and omissions" amounted to over $1 billion in Venezuela, $743 million in Argentina, $714 million in Brazil, and $310 million in Uruguay.
"manifest destiny"; "All the more so," wrote this ideologue of "subimperialism" in 1952, "when our manifest destiny does not conflict in the Caribbean with that of our northern elder brothers..." The General is now chairman of Dow Chemical in Brazil. Certainly the desired subdominion structure has plentiful historical antecedents, from the annihilation of Paraguay on behalf of British bankers after the war of 1865 to the sending of Brazilian troops, just a century later, to head the solidarity operation when U.S. Marines invaded Santo Domingo.

Recent years have seen a revival of the competition between the agents for imperialist interests installed in the Brazilian and Argentine governments on the troublesome question of continental leadership. Everything suggests that Argentina is in no condition to resist the powerful Brazilian challenge: Brazil has double the land area and four times the population, produces nearly three times as much steel, double the cement, more than double the electric energy, and renews its merchant fleet fifteen times as fast. Furthermore, in the past two decades, its rate of economic growth has been considerably greater than Argentina's. Until recently Argentina produced more cars and trucks than Brazil, but at the present rate Brazil's auto industry will be three times larger than Argentina's by 1975 and its fleet—equal to Argentina's in 1966—will be as big as that of all Latin America put together. Brazil offers foreign investors its far-flung potential market, its fabulous natural wealth, the strategic importance of its territory—sharing boundaries as it does with all the South American countries except Ecuador and Chile—and all the conditions for U.S. enterprises on its soil to advance with seven league boots. It has cheaper and more abundant labor than its rival: the average wage level is three times lower than in Argentina and the unemployed run into the millions. It is no accident that one-third of the processed and semiprocessed products sold within the LAFTA zone come from Brazil. This is the country called upon to become the axis of all Latin America's liberation or servitude. Perhaps Senator Fulbright was not aware of the full significance of his words when, in public statements in 1965, he attributed to Brazil the mission of directing the Common Market of Latin America.

For U.S. imperialism to be able to "integrate and rule" Latin America today, it was necessary for the British Empire to help divide and rule us yesterday. An archipelago of disconnected countries came into being as a result of the frustration of our national unity. When the peoples in arms won independence, Latin America stood on the stage of history with a common bond of tradition between its diverse regions, territorially united, speaking two languages of the same origin, Spanish and Portuguese. But lacking one essential condition to form one great nation—economic community.

The poles of prosperity that flourished to supply Europe's need for metals and foodstuffs were not interconnected: the ribs of the fan had their vertex across the ocean. People and capital were displaced according to the rising and falling fate of gold or sugar, silver or indigo, and only the ports and the capitals, the leeches of the productive regions, had a permanent existence. Latin America was born as a single territory in the imaginations and hopes of Simón Bolívar, José Artigas, and José de San Martín, but was broken in advance by the basic deformations of the colonial system. The oligarchies of the free trade ports consolidated this structure of fragmentation, which was their source of profit: those sagacious traders could not incubate the national unity that was the essence of the European and U.S. bourgeoisie. Throughout the past century the British, Spain's and Portugal's heirs since before independence, perfected this structure by means of diplomats' white-gloved intrigues, bankers' extortions, and the merchants' capacity for seduction. "For us the fatherland is America," Bolívar proclaimed; but Gran Colombia was divided into five countries and the liberator died defeated: "We shall never be happy, never!" he said to General Urdaneta. Betrayed by Buenos Aires, San Martín stripped off the insignia of command and Artigas, who called his soldiers Americans, went to a solitary exile's death in Paraguay: the Río de la Plata viceroyalty had been divided into four. Francisco de Morazán, creator of the federal republic of Central America, died before a firing squad,* and the

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*As Gregorio Bustamante Maceo described it: "He ordered them to ready their arms, bared
waist of America was split into five pieces—Panama, the canal with the rank of republic invented by Teddy Roosevelt, was added later.

Today the world sees the result: any of the multinational corporations operates with more coherence and sense of unity than the congeries of islands that is Latin America, broken up by so many frontiers and such a lack of communication. What integration can be achieved among themselves by countries that have not even been able to integrate internally? Each country suffers from deep fissures in its own body, bitter social divisions and unresolved tensions between its great marginal deserts and its urban oases. The drama is reproduced on the regional level. The railroads and highways, created to transport foreign products by the shortest routes, still bear irrefutable witness to Latin America’s impotence or incapacity to make the national dream of its heroes come true. Brazil has no permanent land connections with three of its neighbors, Colombia, Peru, and Venezuela; Atlantic seaboard cities have no direct cable communications with Pacific cities, so that telegrams between Buenos Aires and Lima, or Rio de Janei­ro and Bogota, have to go through New York; the same with telephone communications between the Caribbean and the south. Each Latin American country still identifies itself with its own port—a negation of its roots and real identity—to such an extent that almost all intraregional trade goes by sea: inland transport is virtually nonexistent. Furthermore, the global freight cartel fixes rates and itineraries to suit itself, and Latin America merely endures the exorbitant charges and ridiculous routes. Of the 118 regular shipping lines operating in the region only seventeen fly regional flags; freightage bleeds the Latin American economy of $2.6 billion a year. Thus merchandise shipped from Porto Alegre to Montevideo arrives faster if it goes via Hamburg, and the same for Uruguayan wool bound for the United States; freightage from Buenos Aires to a Mexican gulf port is more than 25 percent lower if the shipment goes via Southampton. Shipment of timber from Mexico to Venezuela costs more than double the shipment of timber from Finland to Venezuela, although the maps still insist that Mexico is closer. A direct shipment of chemical products from Buenos Aires to Tampico in Mexico costs far more than if it is routed via New Orleans.

What the United States set out to achieve for itself, and did achieve, is certainly different. Seven years after their independence, the thirteen colonies had doubled their territory, already extending beyond the Alleghenies to the banks of the Mississippi, and four years after that they forged their unity by creating a common market. Purchase of the Louisiana Territory from France in 1803 again doubled the land area; then came Florida and, at midcentury, the invasion and amputation of half of Mexico in the name of “manifest destiny.” Then the purchase of Alaska and the usurpation of Hawaii, Puerto Rico, and the Philippines. The colonies made themselves a nation, and the nation made itself an empire, putting into practice aims clearly expressed and pursued from the remote days of the “founding fathers.” While the north of America grew, developing internally within its expanding frontiers, the south developed outwardly and blew into fragments like a grenade.

In the present process of integration we neither re-encounter our origins nor come nearer to our goals. Bolivar prophesied shrewdly that the United States seemed fated by Providence to plague America with woes in the name of liberty. General Motors or IBM will not step graciously into our shoes and raise the old banners of unity and emancipation which fell in battle; nor can heroes betrayed yesterday be redeemed by the traitors of today. It is a big load of rottenness that has to be sent to the bottom of the sea on the march to Latin America’s reconstruction. The task lies in the hands of the dispossessed, the humiliated, the accursed. The Latin American cause is above all a social cause: the rebirth of Latin America must start with the overthrow of its masters, country by country. We are entering times of rebellion and change. There are those who believe that destiny rests on the knees of the gods; but the truth is that it confronts the conscience of man with a burning challenge.