

CHAPTER 2

State Formation and Economic Development in the Nineteenth Century

LEARNING OBJECTIVES

- Explain the main challenges of state building after the independence era.
- Differentiate between the strategies used to achieve political stability.
- Evaluate the importance of international influences on early political and economic development.

In 1812, the legendary revolutionary Simón Bolívar was doing his best to keep up the morale of his troops and beleaguered local populations in the fight for independence. This was not easy, but he had a high level of confidence and had taken command of the revolutionary forces. He wrote his first major declaration, called *The Cartagena Manifesto*. Bolívar emphasized how unity was critical and how democracy would not work well, at least in the short term as national identities were forged in a context of international war. “The American provinces,” he wrote, “are involved in a struggle for emancipation, which will eventually succeed.”¹ He was right on all counts.

The Challenges of Independence

The wars for Latin American independence, which took place from about 1808 until 1825, were sparked in large part by international factors, most prominently Napoleon Bonaparte’s invasion of the Iberian Peninsula in 1807 (Portugal) and 1808 (Spain). The toppling of the Portuguese and Spanish monarchs served to unmoor the ties between the colonies and the homeland, and consequently political splits within the colonies quickly boiled over. These

wars were bitter, violent, and terribly destructive, leaving devastation in their wake. In Mexico, which was the Viceroyalty of New Spain, somewhere between 250,000 and 500,000 were killed out of a total population of about 6 million.² The new nations that slowly emerged faced serious obstacles as a result. For much of the nineteenth century, state building would be primarily a national-level activity—fighting against local interests; only in the latter half would international factors—particularly, but not exclusively, the rising influence of the United States—become a part of that project as well in Mexico, Central America, and the Caribbean.

This early period is critical for understanding future political developments in Latin American countries. Events sparked by international factors had huge national consequences. For example, the strong militaries we still see across the region are a direct result of nation- and state-building efforts in the nineteenth century. This chapter will examine the early evolution of Latin American politics and economics. The constitutions written and political patterns established during that time created legacies that are still being felt in the twenty-first century. For economic development, there were of course many individual policy decisions being made (i.e., “agency”), but the newly independent countries must be placed within a very specific political and economic context that constrained those decisions (i.e., “structure”).

The International Level: Peninsular Wars and Latin American Declarations of Independence

After the United States broke free of Great Britain, the next taste of independence in the region came in Haiti, where a slave revolt against the French in 1791 sparked years of fighting that culminated in victory in 1804. Military leader Toussaint L’Ouverture had first worked with the French to abolish slavery and then led the independence forces against them after French authorities resisted his efforts to take political control over Haiti, which included writing a new constitution. L’Ouverture was captured and died in prison before independence, but his example of resistance to white rule continued to resonate. The racial aspect of Haitian independence would not go unnoticed in the Spanish- and Portuguese-speaking world. Creoles were native born and lighter-skinned elites in the colonies and feared the possible ramifications of wars that might arm blacks and/or the indigenous.

Race and Nation in Latin America

However, those same creoles resented the *pensinsulares*, referring to the Spanish- and Portuguese-born elites. By virtue of being born in the Iberian Peninsula, they were favored and more trusted by their respective monarchies and, therefore, monopolized the highest political offices. In turn, dominance by the *pensinsulares* was contested by *mestizos*, people whose ancestry was that of a mix between the Iberian conquerors and natives. They soon came to be a majority

in most of Latin America and demanded more political power. In social (and economic) terms, the lower strata were composed of the indigenous and blacks who were slaves or descendants of slaves brought from Africa.

In Carlos Fuentes' novel about the wars for independence, *The Campaign*, the protagonist sums up the racial aspect of the struggles: "The whites ran the war—the wars, the guerilla wars—and killed one another off. The mestizos died in battle, and the Indians provided food, labor, and women."³ Racial discrimination was central to Spanish and Portuguese control. Independence would change the dynamic, because mestizos took more positions of political authority, but by no means would the foundations of racial domination disappear.

By 1806, Napoleon wished to weaken Great Britain by forcing the rest of Europe to accept the blocking of all British imports into the continent. Portugal attempted to remain neutral, which only brought Napoleon's attention to bear on that country. He made a pact with Spain to allow French troops to march on Portugal, at which point the Portuguese royal family fled to Brazil. This created a very different dynamic for Brazil compared to its Spanish American counterparts, because no Spanish king or queen ever set foot in their Latin American colonies. The Portuguese king eventually returned in 1821, but his son (who became King Pedro I) remained and became emperor of an independent Brazil.

National Response to International Factors in Spanish America

The political transition was much more traumatic in Spanish America. King Ferdinand VII was imprisoned after the French invasion, and the inability of the Spanish monarchy to exert effective authority emboldened creoles in the colonies. Without these international factors, independence movements would still have existed but would not have occurred precisely in this time frame. Venezuela was the first colony to declare independence, in 1811 (and Spain did not acknowledge the independence of any of its colonies until 1836, when it recognized Mexico).

Independence was a protracted and confusing process, because national loyalties remained quite weak. Local leaders fought to liberate themselves from Spanish control but often with only minimal connection to a cause much greater than themselves. It was during this time that the word **guerrilla** came into usage. The literal Spanish translation is "little war," and it refers to small groups of fighters using hit-and-run tactics to defeat a larger, stronger enemy. It was coined in Spain during the war against French occupation and used to great effect. Spanish rebels successfully engaged French soldiers, who were in unfamiliar territory and facing a hostile local population. Guerrilla warfare helped drain French resources. In Spanish America, the strategy was then turned on the Spanish, who found strong pockets of local resistance all across the region.

There was, however, a very strong dose of conventional war as well. Soldiers such as Simón Bolívar, Bernardo O'Higgins (Chile), José de San Martín

(Argentina), Antonio José de Sucre (Bolivia), José Gervasio Artigas (Uruguay), and many more found glory on the battlefield and would become part of the mythology of the new nations. They would also establish the view that the armed forces of Latin America preceded independence and, therefore, should be the ultimate defenders of the state.

Nonetheless, the mere existence of these iconic figures was obviously insufficient to immediately generate a widespread sense of “nation.” When, in colony after colony, independence from Spain was ultimately gained, there was little in the way of national unity. Ties formed during the colonial era and wartime did not necessarily translate into nationality. In all ways, Latin American countries were starting from scratch.

The National Level: Nations and States

International events were instrumental in launching the wars for independence and explaining why they occurred at this particular time. However, once Latin American countries won independence, their immediate goals were national. New borders had to be drawn and defended, and new political institutions were constructed. Therefore, it is important first to emphasize the conceptual differences between **nations** and **states**.

The Challenge of Nation Building

These terms are often tossed around loosely and sometimes seem to mean the same thing, but they should be viewed as complementary rather than synonymous. The essential difference is that the former is about the deeply shared common characteristics that people feel, whereas the latter refers to the concrete institutions that allow a government to function both domestically and as part of an international system. A nation represents a close sense of belonging and, in the international arena, fosters a sense of difference between different countries. Nations share a common history, with shared heroes. Everyone is reminded of this history through symbols such as flags, money (which shows people and places deemed important), monuments, oaths, songs, poems, and important commemorated days. All this shared history is then taught to children in schools and becomes part of the fabric of everyday life.

Creating a sense of nationality to bridge local differences is no easy task, especially in countries with people who may not speak the same language (very common in Latin America), who are of different races and ethnicities, or even who live in very large countries with regional variations. This was a major task for nineteenth-century Latin America, and one that is still not yet completely resolved. Well into the twentieth century, indigenous peoples became victims of political violence because they were not considered insufficiently part of the nation. In the context of the Cold War, for example, many people were killed simply because their “otherness” made them seem like a threat to the government’s idea of national unity.

The Challenge of State Building

Building states was also critical. This simply refers to the basic characteristics of a country that distinguishes it from other countries, rather than to the more symbolic nation. A state must have a defined territory and be sovereign, meaning that it exerts sole control over its population through laws and the use of force. This entails creation of a central government to impose order and facilitate economic growth. Building a military force to protect your borders is essential, as is creating a system of taxation to raise revenue. The terms *state* and *government* are also often used as if they mean the same thing, but a state is more permanent, whereas governments come and go. No Latin American state has disappeared despite changes in government, though some have changed in size due to wars. Obviously, building a strong state is indispensable for prosperity. Weak states, especially referring to states whose governments do not effectively control much of the territory, create a “survival of the fittest” scenario in which the majority of people tend to lose out and where foreign incursion is therefore more likely.

In Latin America, state building proved difficult. As historian Robert Holden writes about Central America, “[t]he state could not hope ... to nonviolently induce compliance with its law because it was not perceived as a legitimate or ultimate source of any latent power to enforce compliance.”⁴ Citizens did not consider the state to be a real authority no matter what government happened to be in charge, which then led to the habit of the state of using violence as a way to get people to obey the law. That pattern persisted, and it was difficult to break.

This was precisely the lament of Domingo Faustino Sarmiento, an Argentine intellectual who eventually became the president. In 1845, he published *Life in the Argentine Republic in the Days of the Tyrants; or, Civilization and Barbarism*, which he wrote while in political exile and which made him famous. In the book, his main target is the dictator Juan Manuel de Rosas, a caudillo who ruled in Buenos Aires from 1829 until 1852. Sarmiento championed the pursuit of national greatness over local interests and wrote of the extreme and arbitrary violence of the Argentine caudillos. As we will discuss in subsequent chapters, some countries were more successful than others in breaking that mold.

ANALYZING DOCUMENTS

Domingo Sarmiento wrote an eloquent analysis of how local caudillos could rise to national prominence and lay waste to the political system. The local population was thereby terrorized, and as he notes, the money spent reduced the country's ability to take advantage of international trade opportunities.

Life in the Argentine Republic in the Days of the Tyrants; or, Civilization and Barbarism (1845)

Have Facundo or Rosas ever done the least thing for the public good, or been interested in any useful object? No. From them come nothing but blood and crimes. I have given these details at length, because in the midst of horrors such as I am

(Continued)

obliged to describe, it is comforting to pause on the few progressive impulses which revive again and again after being apparently crushed by savage barbarians. Civilization will, however feeble its present resistance, one day resume its place. There is a new world about to unfold itself, and it only awaits some fortunate general to put aside the iron heel which has so long crushed it. Besides, history should not be considered merely a tissue of crimes, and for this reason it is desirable to bring before the mind of a subjugated people a remembrance of past epochs. If they desire for their posterity a better record than they themselves have, let them not hope for it because the cannibal of Buenos Ayres is just now tired of shedding blood, and permits exiles to return to their homes. This fact is of no import in the progress of a people. The great evil to be dreaded is a government which fears the influence of thoughtful and enlightened men, and must either exile or kill them. This evil results from a system which gives one man such absolute power that there can be no liberty of thought or action, no public spirit—the desire of self-preservation outweighing all interest for others. Every one for himself, and the executioner for all without discrimination, this is the *résumé* of the life and government of an enslaved people.

...

But no evils are eternal, and a day must come when the eyes of this people will be opened, who are now denied all liberty of progress, and are deprived of all capable and intelligent men, who could carry on the great work, and bring about in a few years the prosperity for which Nature has destined this now stationary, impoverished, devastated country. Why are such men persecuted? Brave, enterprising men, who employed their lives in various social improvements, encouraging public education, introducing the water-courses, with only the national interest at heart, and desiring no other reward than the satisfaction of serving their fellow-citizens! Why do we not see again arising the spirit of European civilization which, however feeble, did once exist in the Argentine Republic? . . . Why has not even a twentieth part of the millions employed in a fratricidal war been used to educate the people or to facilitate trade? What has been given to this people in exchange for its sacrifices and sufferings? A red rag! This is the extent of the government's care of them for fifteen years; this is the only measure of the national administration; the only relation between master and slave, the mark upon the cattle!

Discussion Questions

- Why might a dictator want to crush all local caudillos?
- Why was Sarmiento so critical of the way the national government was being run?

Source: D. F. Sarmiento, *Life in the Argentine Public in the Days of the Tyrants; or, Civilization and Barbarism* (New York: Collier Books, 1961), 144, 158.

Local Challenges of State Building

A persistent obstacle to state building was the existence of regional **caudillos**. A caudillo is a military figure who, through personal favors, charisma, and of course the use of force, develops a large following and establishes some variant of authoritarian rule. Caudillos resisted centralized control and ruled their fiefdoms. This represented a serious political challenge from the local level.

Many were also heirs of a colonial system that encouraged large *haciendas*—plantations—that became towns in themselves, and they fought to protect their private property and their exclusive control over those who worked for them. Although some caudillos would break out of their regions and come to lead entire countries, their local power base was always an important source of support and authority. So, for example, although Mexico's Antonio López de Santa Anna was president at various times (eleven in all between 1833 and 1855), he remained firmly embedded in the state of Veracruz, to which he would periodically retreat. The Mexican state would not solidify until the dictatorship of Porfirio Díaz (1876–1911), who himself was always strongly tied to the state of Oaxaca.

As regional leaders, they were not easy to dislodge. For people living far from the few major cities, caudillos represented a source of order. It is one thing to ratify a constitution guaranteeing specified rights but quite another for those rights ever to be respected. The caudillos provided protection and predictability for the local population, even though in many cases they might abuse their power. Fear was an important factor and, combined with military power, made the caudillos a potent adversaries to politicians with ambitions of extending national authority.

The Role of the Military in State Building

So what could governments do to strengthen the state? The role of Latin American militaries was central to state-building projects across the region. From the ashes of revolution, the armed forces represented the most organized institution, and their leaders the most highly visible. They were better positioned than any other institution to expand state authority throughout national territories, which were often vast and/or hard to navigate (through mountains, jungles, or deserts). In addition, they were not fighting international wars. In the first half of the nineteenth century, there were only two wars within Latin America. Argentina and Brazil fought over territory between 1825 and 1828, which ultimately yielded Uruguay as a buffer state between them. Chile also fought successfully against Bolivia and Peru (1836–1839), after Bolivia under Andrés Santa Cruz invaded Peru and created the Peruvian-Bolivian Confederation.

But was the military's role positive or negative? This is a matter of some debate, generating various hypotheses. Fernando López-Alves argues that it was often positive.⁵ At times, wars facilitated the definition of towns and regions, imbued citizens with national symbols, and fostered incorporation. Those who entered the military enjoyed a *fuero* (privileges and immunity) that continued from the colonial period, which also made it an attractive career option. When the military allied itself with urban elites, such as in Argentina, democracy was less likely to develop because elites were able to repress opposition and limit political competition. But when militaries were tied to parties in rural areas, the state never became domineering and democracy could take root.

On the other hand, Miguel Angel Centeno notes that the military's role did little to foster the construction of strong states.⁶ In fact, the weakness of

the postindependence states prompted the military to focus largely on internal enemies. The only “benefit” was that interstate wars did not occur very often compared to other regions of the world, because governments were preoccupied with conquering their own land rather than others. The ultimate result, though, was a military institution well aware of its relative strength and determined to attack what it believed were the government’s domestic enemies threatening the status quo. From the beginning, the armed forces viewed their role as protecting “la Patria” (the motherland) by any means necessary. As the main conflicts were internal, that is where their energy was focused. Officers felt that the military’s historical roots predated independence, and therefore, it should enjoy an exalted status. As political scientist Brian Loveman writes, “According to this view, the armed forces preceded, and then created, *la patria* in glorious struggles for independence, defended it against internal and foreign enemies, and became the reservoir of nationalism and patriotism.”⁷

We therefore have a conundrum, or at least the question of whether the glass was half full or empty. Weak states certainly may have facilitated the growth of parties, political competition, and sparked fewer wars, but they also tended to create internally oriented militaries, which were all too often a threat to civilian rule. They also opened the door for foreign intervention, because no government was in a position to defend itself effectively.

Although this dilemma was evident in most countries, there were exceptions. Cuba, for example, remained part of the Spanish empire until 1898. Brazil, meanwhile, experienced a peaceful shift from colony to monarchy in 1822, independent from Portugal but still ruled by Dom Pedro, the son of King João VI. Furthermore, Chile established a strong central government that became much more civilian than military. For the most part, however, states in Latin America faced more or less constant challenges, and the armed forces played a central role in politics.

The Problem of Weak States

In addition, we need to be careful about the very notion of a “weak” state. Those in power may find it difficult to control their territory and face foreign incursions, but that does not necessarily mean that they cannot exert tremendous control over their citizens, such as the peasantry. A **peasant** is an individual who lives in a rural area and makes a living by engaging in agriculture. In nineteenth-century rural Latin America, as in many other parts of the world, most peasants subsisted on land owned by others and would be allowed to spend some of their time growing food for themselves. In some cases, they might be held there by debt peonage, referring to the practice of forcing someone with no money to go into debt in return for use of the land. They would remain in a cycle of debt from which they could not escape, and the landowner would benefit from their indentured servitude.

By the late nineteenth century, even seemingly very weak states, such as those in Central America, were able to impose a wide range of controls over peasants. In El Salvador, for example, governments worked in tandem with

large landowners (“*hacendados*,” after the term *hacienda*) to construct systems—both formal and informal—of surveillance and violence intended to keep the peasantry compliant. The relationship between the rulers and the ruled was repressive. Indeed, for the indigenous and black populations, in addition to mestizo peasantry across the region, independence brought little substantive local change.

The same was true for women. As in the United States at the same time, women enjoyed very few political rights and would not be granted suffrage until the twentieth century. In the first years of the new Latin American republics, women were not even considered citizens and were legally relegated to private, rather than public, life. In some cases, women did have legal rights (e.g., widows becoming official head of household, such as in Mexico), and some countries (e.g., Colombia) passed civil matrimony and divorce laws, though they received staunch opposition from the Catholic Church and were therefore later rescinded. These came from local efforts of women activists struggling to convince male legislators to make changes. None of these efforts, though, extended to voting or holding political office.

Constitutions and the National Seeds of Democracy and Authoritarianism

Part of state building, of course, involves writing the national political rules of the game, which are enshrined in constitutions. Venezuelans wrote the first Latin American constitution even before winning independence (though it lasted only eight years), and almost 200 years later, the country continued to debate and reform, with a new constitution put into effect in 1999 and more reforms passed in 2009. Either amending or completely rewriting constitutions has often coincided with political upheaval in Latin America. Political leaders view them as elements of an overall political project, to be shaped and reshaped over time.

The writers of the first nineteenth-century constitutions had the imposition of order as an immediate challenge. Both in rural areas and in cities, economic and military elites recognized the poor and displaced as threats, because economic dislocation brought desperation. They felt a pressing need to control local politics as much as possible and stifle local dissent. Yet there was also a strong liberal streak, inspired by the American and French revolutions. Politically, **liberal** refers to principles that honor representative republican government, with pluralism and protection of individual liberties. In fact, a key impetus for the new constitutions was the fact that Ferdinand VII, besieged by French troops, accepted the liberalism of the 1812 Spanish constitution (in 1814, he rejected it and then later reaccepted it as political conditions in Spain changed). That acknowledgment spread to the colonies. Unfortunately, such ideals collided with reality, so that although the constitutions enshrined many of the same rights as in the United States, they also included military prerogatives and states of emergency, which grant the executive broad authority and suspend normal constitutional rights. Both of these veered much more toward authoritarianism.

The French constitution of 1791 asserted that the armed forces were “essentially obedient” and could not “deliberate,” meaning they would not become embroiled in political disputes. Latin American constitutions took this exact wording.⁸ In practice, this was unworkable in most countries, because the military became an arbiter of political conflict and could hardly remain out of politics. Therefore, also tucked into constitutions were articles outlining the military’s role in protecting “la Patria.” That sidestepped the prohibition against deliberation by giving the military what it considered an obligation to save the country if political conflict threatened order.

Further, constitutions across the region codified “regimes of exception,” meaning the suspension of civil liberties in times of emergency, as declared by the executive with varying degrees of consultation with the legislature. Once invoked, the average citizen’s rights in a specific area (sometimes national, at other times more localized) were strictly limited, martial law might well hold, and security forces wielded tremendous power. Indeed, the removal of such constitutional provisions has proved a lasting and difficult task for reformers over the years, and many constitutions still retain language that is strikingly similar to the nineteenth-century examples. This centralist tendency was a hallmark of Simón Bolívar, the most visible and well-known figure of the wars for independence. Limitations on freedom were viewed as necessary, if perhaps unfortunate, vehicle for protecting the state from the many threats it faced, both internal and external.

At least on paper, the legislature constituted a brake on executive authority. Its members would be elected separately from the president, and there would be a divide between the two branches. So, as in the United States, the president would have to obtain legislative approval for the country’s budget. The formal role, however, was very different from the way that politics really played out. Throughout the nineteenth and well into the twentieth century, Latin American legislatures rarely exerted much authority. There are some exceptions, as in the Chilean case, but most commonly legislators followed the president and were rewarded for doing so. This bestowing of favors worked to mutual benefit.

Constructing Accountable Political Institutions

Thus, the pattern that became established in the nineteenth century was an absence of **horizontal accountability** because of the presidential power. The *horizontal* refers to other state institutions that exist alongside the president, particularly the legislature and the judiciary. In a democracy, all these institutions should hold the others accountable so that no single one garners too much political power. In the United States, this is usually called *checks and balances*. In countries where governments have difficulty keeping order and perhaps where resources are scarce, it is tempting for the president to ignore, shut down, or otherwise reduce the authority of any institution that might stand in his or her way. That is still a problem in Latin America today.

The debate over horizontal accountability was not confined only to the power of the presidency. Also in the mix was whether these new governments should be **centralist**, **federal**, or **confederal**, all of which denote the relationship between the central government and different regions of the country. As its name suggests, a centralist system invests virtually all political power in the central government. This was the example left by colonial rulers, where the monarchy named viceroys who carried out their orders. Power came directly from the top without representative institutions. In the postindependence period, centralism clashed immediately with federalist tendencies.

In a federal system (e.g., in the United States, Mexico, or Brazil), power is formally shared between the central government and state governments. Governors (sometimes called *prefects*) have their power bases but ultimately must answer to the central government. The idea is to combine autonomy and central authority. By the nature of the arrangement, there will always be tension between the two, because both the federal and state governments have a strong incentive to acquire as much power as possible. The resulting competition, however, can have a positive effect on democracy because there will be a balance between national and more local interests. In the nineteenth century, however, especially in the absence of competitive elections Latin American federalism remained largely dictatorial.

Finally, a confederation places most power (e.g., raising money or creating a military force) to the states, which may or may not voluntarily accept central government requests. The Articles of Confederation did not work out so well in the United States, and in Latin America, confederations (e.g., the Central American Confederation or the Peru-Bolivia Confederation of 1836) were short-lived in the face of governments deciding not to participate when it was not in their interest.

Vertical accountability was also rare in Latin America and would only become more commonplace in the twentieth century, and even then with periodic setbacks. The “vertical” relationship is between the elected rulers and the voters. For example, if a president enacts policies that are terribly unpopular in a democracy, he or she will have to be accountable to voters in the next election. Obviously, the core of vertical accountability is the existence of regular free and fair elections. These were few and far between in this period of time, and those that took place were limited to elites (not unlike, though more extreme than, the United States at the time). The average person at the local level had almost no opportunities for participation.

The Liberal–Conservative Divide

We can better understand the question of constitutional accountability when we consider it in light of the conflicts between liberals and **conservatives** in Latin America. There were many different factions in the region, defined by geography, wealth, race, gender, and many other factors, but the liberal–conservative divide grew out of the independence wars and remained overarching, in some cases for well over a hundred years.

Liberals looked to political philosophy in the United States and parts of Europe, which preached the gospel of individual rights (though certainly, as in the United States these rights were applied unevenly). This meant an emphasis on the separation of church and state, international trade, and in general a challenge to the traditional order. Conservatives, as the name implies, were committed to maintaining many of the political and social characteristics of the Spanish (or Portuguese) regimes. This included the preservation of the Catholic Church's prerogatives, opposition to popular sovereignty, and a commitment to social order. They often had a rural power base (in some cases because the Church owned land) and therefore advocated for protection of agriculture versus industry and the small fiefdoms that rural life entailed. Each had very different ideas about what the role of the state should be and who it should favor. Both viewed the local level in elite terms, as something that needed to be controlled.

We cannot understate the importance of the Church throughout the nineteenth century. It determined who could get married, dominated education, owned extensive tracts of land, and enjoyed a broad range of *fueros* similar to the military that protected it. It acted as a connector between national and local (even international, given the power of the Vatican in Rome) forces. This could mean legal protection or even exemption from paying taxes. The stakes of political conflict were therefore very high, because any alteration in the church's position would affect not only the political system but society at large. Struggles between liberal and conservative forces were therefore the source of civil wars, chronicled in the chapters that follow.

By the end of the century, however, liberals held sway in much of the region. Although the Catholic Church remained influential, most countries had separated church and state. Borders were still under dispute (the War of the Pacific is by far the most famous example, especially because it continues to rankle both Bolivia and Peru), but the contours of modern-day states were largely formed. As Box 2.1 demonstrates, nationhood was also firming up as time went on, which had the effect of accentuating the differences between citizens of different countries. Bolívar's goal of unification was more distant than ever.

This coincided with the rapid growth of the U.S. economy after the civil war (1861–1865), and so foreign investment poured in. Liberal presidents, very often unelected, worked to consolidate centralized power over regional conservative strongholds and embarked on infrastructure projects, which served to facilitate both trade and central control. The occurrence of coups decreased in the late nineteenth century, which did not necessarily entail democracy, but it did encourage an infusion of capital that sparked economic growth. As we will discuss in Chapter 12, nowhere was this more evident than in Argentina, which moved from a country ripped apart by violence to an economy rivaling Europe (and then back again).

Thus far, our discussion of state building has focused on the national and regional levels. However, with regard to economic development, we need to examine the international level to a much greater degree.

BOX 2.1

The Legacies of Andean Conflict: The War of the Pacific The Interplay Between National and International Causes of Conflict

International: The most lucrative area for guano deposits was in Bolivia, which in 1878 imposed an export tax on nitrate and even made it retroactive, which infuriated Chilean exporters. The war was fueled by long-standing distrust the Bolivians and Peruvians felt for Chile, which had been far more stable, more prosperous, and widely viewed as a potential expansionist threat.

The Bolivian government proceeded to seize the properties of Chilean companies for nonpayment, and so in 1879 the Chilean government sent naval ships to take the Bolivian port city of Antofagasta. Five years earlier, Bolivia and Peru had signed a secret treaty ensuring that if either country were attacked, the other would come to its defense. Thus began a three country war (though Bolivia and Peru unsuccessfully tried to entice Argentina to join as well).

The war still resonates. In 2008, the Peruvian army chief remarked that “The Chilean that enters (Peru) doesn’t leave or he leaves in a coffin; if there aren’t enough coffins, they’ll leave in plastic bags.”⁹ He was forced to resign, but not before noting that his comments “only express the feelings of every soldier who loves his homeland.”

National: Bolivia has a navy but no sea in which to sail. In 2006, Vice Admiral José Alba Arnez gave an interview, saying rather sadly, “We don’t want it all back. . . . All we want is a ten-kilometer strip to call our own.”¹⁰ After his 2005 election, President Evo Morales worked with both the Chilean government and the Organization of American States to regain some type of ocean access. Bolivia’s coast was lost in war well over a century ago, but the national wound is still gaping.

Local: The superior Chilean navy quickly gained control of the Pacific, and then a bloody land war ensued.¹¹ Local populations were displaced and ultimately territories changed nationality. The Battles of Tacna and Arica (which at the time were the south of Peru) broke the back of the defending armies, and Chilean troops took Lima in 1881, which they would occupy for two more years. The ultimate result was that Peru gave up part of its southern territory (Tarapacá and Arica), whereas Bolivia entirely lost its access to the ocean (its former province of Litoral).

Discussion Questions

- In what kinds of ways does war have a deep and long-lasting impact on feelings of nationalism?
- What impact can invasion have on local populations?

International Influences and the Challenge of National Economic Development

One of the most basic problems facing Latin American states was a lack of capital. With fields burned and towns in tatters, where would governments obtain the money necessary to rebuild and launch projects of national economic development? The answer was to be found with European, and later also U.S., creditors. Thus would begin the relationship so closely analyzed by dependency theorists. Latin American countries would borrow and produce primary products, which would be sold to the more developed world—often the same countries as the banks—in return for finished goods that Latin America was unable to produce for itself.

It is worth noting that the buzzword *globalization*, which entails an increasing interconnectedness between countries and comes up almost constantly these days, is not really new. Leaders of all Latin American countries were immediately aware that they could not possibly survive in isolation, and consequently they actively sought to connect more to other countries that could supply capital and/or become a market for their exports. There was also talk of unification, as a way to gain strength against international forces, especially the growing power of the United States. Simón Bolívar was the most vocal in this regard, as he repeated the theme in countless letters. He commonly used grand phrases to show his passion for the idea, so that not only would unity make the region stronger, but it would create a body politic “greater than any that history has recorded.”

ANALYZING DOCUMENTS

Simón Bolívar was dedicated to merging the national and the international, viewing newly independent Latin American countries as fraternal enough that they could join together in formal ways. The local and national struggles for freedom could forge a united region that could become a formidable global power.

Simón Bolívar, Letter to Juan Martín Pueyrredón, Supreme Director of the United Provinces of the Río de la Plata (1818)

I have the honor to reply to the communication which Your Excellency had the honor to send me under date of November 19, 1816. Its long-delayed arrival, although easily understood, has not diminished the inexpressible joy in my heart on witnessing the inauguration of the relations we have so long desired. Your Excellency, overcoming the barriers presented by distance, isolation, and lack of direct routes, has taken a forward step that gives both governments new life by making them better known to each other.

Your Excellency honors my country by regarding her as a solitary monument which will remind America of the price of liberty and which will recall the memory of a magnanimous and incorruptible people. There is no doubt but that Venezuela, in devoting everything to the sacred cause of freedom, regards her sacrifices as triumphs. Upon the altars of

patriotism she has offered her blood in torrents, her towns in flames, to the absolute ruin of all her works of man and even of Nature.

...

Your Excellency may assure your noble countrymen that they will be received and honored here, not merely as members of a friendly republic, but as members of our Venezuelan commonwealth. There should be but one country for all Americans, since we have been perfectly united in every other way.

Most Excellent Sir, when the triumph of Venezuela's arms has completed the work of independence, or when more favorable circumstances permit us more frequent communication and closer relations, we, for our part, will hasten, with lively interest, to establish the American pact; which, in forming a body politic comprising all our republics, shall present America to the world in an aspect of majesty and grandeur, greater than any that history has recorded. An America thus united—should Heaven grant us that devout wish—could truly style herself the Queen of Nations and the Mother of Republics.

I hope that the Rio de la Plata, with her powerful influence, will cooperate actively in perfecting the political edifice which we initiated on the first day of our struggle for freedom.

Discussion Questions

- Can you think of possible reasons why it was impossible to unify all the different revolutionary movements in Latin America?
- Why would Simón Bolívar want international unity so badly?

Source: Vicente Lecuna (comp.) and Harold A. Bierck, Jr., ed., *Selected Writings of Bolívar, Volume One, 1810–1822* (New York: The Colonial Press, Inc., 1951), 160–161.

Spain and Portugal had enforced mercantilist policies, which meant tightly controlling colonial exports. To ensure a favorable balance of trade, the colonial powers forced the colonies to trade only through the motherland. Not surprisingly, this monopolistic policy grated on colonial subjects, whose taxes went straight to the crown. After independence, Latin American governments were free to trade anywhere, and new economic relationships soon sprouted up. This also meant that many foreigners began arriving in Latin American cities, looking for opportunity. However, the late 1820s would also see the first round of debt defaults in the region, and so it took several decades before Latin America was widely considered a profitable place to invest.

The failure to construct strong central governments in the nineteenth century meant that internal taxation was either spotty or nonexistent. It was often simply impossible for the government to extract taxes, and because economic elites had close ties to rulers (or were the rulers themselves), there was little incentive to do so. As a result, government revenue came primarily from import and export duties. Customs houses, situated at borders and especially at ports, became central to the accumulation of state wealth.

Becoming Dependent Internationally

This had three intertwined effects. First, it contributed to the precedent of being heavily dependent on the trade of primary products. Because prices for commodities routinely rise and fall, this was no stable foundation for economic growth. This would become particularly evident in the latter half of the century. Dependence would turn the liberal goal of trade on its head, because for the most part trade did not foster the kind of sound financial foundation that liberals sought. It should be noted, however, that the price of some primary products—cattle is one example—were often very favorable. Indeed, Argentine leaders saw no reason to push for an industrial policy when meat and hides generated considerable profit, enough to prop up the entire economy (with the Argentine gaucho—loosely translated as *cowboy*—an international symbol). In no country, however, would those continuously favorable conditions last into the twentieth century.

Second, given shortfalls governments often turned to foreign countries for loans, which made them subject to pressure from those doing the lending. Foreign companies also established a close relationship with corrupt leaders who were willing to provide highly favorable terms (e.g., buying land, receiving tax breaks, receiving guarantees of a docile labor force) in return for money in their pockets. These arrangements rarely constituted the source of long-term economic development and left the vast majority of citizens in most countries in a state of poverty.

Third, it made customs houses the periodic target of foreign countries (particularly Europe and the United States) when debt was owed and not being repaid. Dominican dictator Ulises Heureaux shuffled national debt from European to U.S. creditors, which fostered such a threat of invasion that the U.S. government (under President Theodore Roosevelt) took over the country's finances in 1905. The general importance—both domestic and international—of customs houses is vividly portrayed in Joseph Conrad's 1904 novel *Nostromo*, which takes place in the port city of a fictional Latin American country ("Costaguana"). Silver deposited in the customs house became the primary target for opposing forces and therefore is the site of a bloody battle for control over it.¹² The practice became so prevalent that in 1902 the Argentine minister to the United States Luis Drago penned what became known as the "Drago Doctrine," arguing that states had no legal right to collect debt by force.

Dependency and Lack of Development

Scholars have argued for years about why the United States, which became independent only a few decades before Latin America, became an economic powerhouse while Latin American countries did not. Our discussion has shown that the failure of political institutions is a key explanatory variable for understanding why Latin America so quickly lagged behind the United States in terms of economic development. The wars for independence were brutal and far more destructive than the revolution in the United States. Into the power vacuum

came despots, further fuelled by the longtime Spanish example of harsh and unyielding central authority. Dependency theory offers important insights about the unfavorable position of Latin American countries, which we will return to in subsequent chapters, but it does not take the problems with political institutions into account.

It might be tempting to view the tumult of the nineteenth century in cultural terms. Certainly many in the United States viewed it as such. The main thrust of the argument is that certain qualities inherited from Spain and Portugal are incompatible with good governance and economic development, or at least pose obstacles that Europe and the former British colonies do not face. This became conventional wisdom. In his history of Latin America, Columbia professor William R. Shepherd wrote in 1914 that by copying colonial political structures, the new nations created leaders “who either thought and acted for them, or else prevented them from thinking and acting for themselves.”¹³ In economic terms, “the Latin Americans, whatever their nationality, appear to lack the business instinct of the British, the German, and the American.”¹⁴ He added that they followed the Spanish and Portuguese model of business too closely. This general perspective has been echoed more recently in the scholarly literature as well, though it is widely disputed. The essence of the argument is that Latin Americans inherited certain negative characteristics from their colonizers and by the Catholicism brought by the conquerors. According to this argument, these characteristics crippled these new nations. This is the essence of modernization theory.

For many years, U.S. officials were openly critical of Latin American culture. As a foreign aid official noted in 1812 after landing in Venezuela, the people he found were “timid, indolent, ignorant, superstitious, and incapable of enterprise or exertion. From the present moral and intellectual habits of all classes, I fear they have not arrived at that point of human dignity which fits man for the enjoyment of free and rational government.”¹⁵

This view has even been expressed by Latin Americans. As early as 1830, Mexican historian and journalist Lorenzo de Zavala wrote that people in the United States were hard working and independent, whereas Mexicans were “easy going, lazy, intolerant, generous almost to prodigality, vain, belligerent, superstitious, ignorant, and an enemy of all restraint.”¹⁶ This is a sentiment that has been repeated over the years. Lawrence Harrison has argued that Latin America requires “progressive” cultural change that would replace the “traditional” culture that pervaded the region for centuries.¹⁷ According to this argument, hallmarks of traditional culture include excessive deference to authority, too much religious influence, little orientation toward the future, and a lack of emphasis on work and education. Howard Wiarda sums it up in the following way:

Latin America was a product of the Counter-Reformation, of medieval scholasticism and Catholicism, of the Inquisition, and of frankly nonegalitarian, nonpluralist, and nondemocratic principles. Many of these early characteristics, now obviously modified, updated, or “modernized,” are still present today, embedded in cultural, social and political behavior and in the area’s main institutions.¹⁸

The essential drawback to the cultural argument, however, is that it cannot account well for change. For example, when many Latin American countries made the transition from dictatorship to democracy in the 1980s, was the change primarily cultural rather than political? When Brazil, Mexico, or Chile underwent periods of rapid economic growth, were they somehow changing their cultures as well? Were they somehow less “Latin American” than before? No doubt culture is part of the equation, but as the driving force of underdevelopment, it is less than convincing. When we examine specific countries in the chapters that follow, the importance of political institutions will become even clearer.

Social Structure and Local Politics

Social structure is also a factor contributing to the persistent underdevelopment in Latin America, both then and now. **Commodities**—meaning goods that are mined and farmed—were the traditional engines of economic growth and wealth, and they required a constant supply of labor in conditions that were often inhumane. Eighteenth-century dictatorships had every incentive to keep the poor and uneducated, which were the vast majority of Latin Americans, right where they were. Economic elites, whose wealth was primarily in land, needed that acquiescent labor. Inequality therefore became entrenched in every country, with variations according to differences in racial, ethnic, and other characteristics of the population.

Indeed, local-level politics in Latin America during much of the eighteenth century was characterized by repression. A tiny percentage of the population owned the vast majority of land and political offices. Individuals could find no support from law enforcement, judges, or politicians when they felt their rights were being violated. Local elites essentially decided what rights people would have. This state of affairs deepened both political and economic inequalities.

From a strictly economic perspective, long-term inequality poses a problem for development. If the majority of the population is very poor, then the country’s purchasing power is quite low, which stunts the creation of prosperous domestic businesses aimed at an internal market. People who are struggling to make ends meet on a daily basis are less likely to become entrepreneurs (except perhaps on a very small scale) or own a business that will hire others at good wages. In addition, it decreases the tax base for government revenues. Not only does income taxation require an efficient bureaucracy, but it needs a relatively well-off citizenry to pay them. So while inequality will contribute to the wealth of a small percentage of the population, the country as a whole cannot move forward.

Inequality also serves to point out the difference between growth and development. Growth is about production. How much more is being produced now compared to the past? How much money is moving around in the country? How much investment is being made? These days, growth is most commonly measured as **gross domestic product (GDP)**. GDP is the value of all goods and services produced within a country in one year (the citizenship of the producer is not relevant). It is the most widely used figure, and the one that this book

will employ. It tells you a lot about the amount of wealth being produced, but nothing about how it is distributed. National-level figures don't tell us much about whether the majority of people on the ground are benefiting as well. Another measure that was developed in 1990 is the **Human Development Index (HDI)**. It combines three different parts: life expectancy at birth, average years of schooling, and average income. That provides a more detailed view of how growth affects individuals.

Development, on the other hand, is all about sustainability and durability. It can mean physical infrastructure (roads, bridges, dams, sewers), human capital (education, healthcare), or investment in industries that generate jobs over the long term (targeted subsidies, tax breaks). If tremendous wealth flows into a country, but goes primarily into the pockets of political elites, there might be high growth but not development. In Latin America, from independence to the present, the enduring challenge has been to translate economic growth into development. That means transforming national-level prosperity into local growth as well.

Subaltern Groups: National and Local Levels

The end of colonial rule also meant the end of tribute laws that forced indigenous populations in Latin America to pay a tax to the crown or to give their labor if they could not pay. Forced labor, however, remained widespread. In some countries, such as Guatemala, a tribute tax was reinstated in 1831, which prompted local support for the caudillo Rafael Carrera, who had darker skin and appealed to indigenous interests. Further, the loss of colonial authority meant it was even easier for large landowners to take peasant land because of weak central control.

The newly formed states worked to forcibly assimilate Indians. From the liberal perspective, the cultural backwardness of the indigenous posed an obstacle to westernization and modernization. Conservatives, meanwhile, viewed native practices with even more distaste, as something blasphemous. Despite their political differences, liberals and conservatives alike considered Indians as a potential threat that must be controlled in one way or another.

Slavery even continued in Brazil and Cuba, though it was abolished elsewhere. From the perspective of race, independence represented a major step forward, but many limitations remained. Mestizos would soon take positions of greater authority than during the colonial period, but for the most part blacks and indigenous peoples would not see significant socioeconomic improvement after independence and would remain subordinate to local elites. But as historian John Chasteen writes, "The old social hierarchies, no matter how stubborn, had lost much of their explicit, public justification."¹⁹

Conclusion

Simón Bolívar argued that the wars for independence would be won but that democracy would not immediately result. In fact, democracy would not develop for many years. Civil wars pitted national and local leaders against each other.

At the end of the nineteenth century, there were several patterns that proved durable. First, at the national level the aftermath of the independence wars had encouraged strong presidential systems, with very powerful executives and weak legislatures. Second, international influence was important. The heyday of selling primary products abroad for high prices was ending and Latin American leaders were not in a good position to industrialize. Third, foreign capital was extremely important to Latin American economies, and the United States in particular increasingly loomed over the region.

Despite these persistent patterns, the twentieth century marked major changes in Latin American politics. Traditional local caudillo politics transformed by the growth of national mass political parties, social movements, international wars, the introduction of new ideologies, and the expansion of foreign capital, especially from the United States. The traditional divide between liberals and conservatives splintered into many different factions and organizations with cross-cutting interests. Twentieth-century political development had its own dynamics but was strongly conditioned by nineteenth-century institutions.

Key Terms

- Creoles
- Peninsulares
- Mestizos
- Guerrilla
- Nation
- State
- Caudillo
- Hacienda
- Fuero
- Peasant
- Liberal
- Horizontal accountability
- Centralist
- Federal
- Confederal
- Vertical accountability
- Conservative
- Commodity
- Gross domestic product (GDP)
- Human Development Index (HDI)

Discussion Questions

- What kinds of local problems might GDP not measure very well?
- In what ways might guerrillas gain the support of local populations?
- Can you think of reasons why nation building is so difficult?
- How can caudillos pose a challenge to national political authority?
- In what ways did international factors make it more difficult for newly independent Latin American countries to develop economically?

Further Sources

Books

Chasteen, John Charles. *Americanos: Latin America's Struggle for Independence* (New York: Oxford University Press, 2008). A highly readable and balanced political history of Latin American independence movements. In addition to the narrative, it includes timelines, short biographies of key figures, and suggestions for additional readings.

- Franko, Patrice. *The Puzzle of Latin American Economic Development*, 3rd edition (Lanham: Rowman and Littlefield Publishers, Inc., 2007). This is an indispensable and thorough textbook for understanding virtually every aspect of Latin American economic development. It includes useful definitions, charts, tables, narrative examples, and other features that allow for a broad analysis of development.
- Fukuyama, Francis, ed. *Falling Behind: Explaining the Development Gap Between Latin America and the United States* (Oxford: Oxford University Press, 2008). This is a collection of essays about why Latin American economic development so quickly fell behind the United States. The authors come both from different disciplines (particularly political science and history) and from different countries.
- Loveman, Brian. *The Constitution of Tyranny: Regimes of Exception in Spanish America* (Pittsburgh: University of Pittsburgh Press, 2003). A detailed analysis regarding the formation of constitutions in the nineteenth century and how they enshrined the suspension of civil liberties in times of emergency. Of particular importance is the way in which constitutional language has endured to the present day.
- Lynch, John. *Caudillos in Spanish America, 1800–1850* (Oxford: Clarendon Press, 1992). This book provides an exhaustive view of the role of caudillos in the decades immediately following independence. It analyzes the different roles that caudillos played, and how the national contexts led to different political outcomes. It also includes specific country examples and examination of several different individual caudillos.

Websites

- Digital Library of the Caribbean* (<http://dloc.com/>). This site includes a large collection of historical documents, maps, and newspapers for the Caribbean.
- History of Cuba* (<http://www.historyofcuba.com/cuba.htm>). This website has an extensive collection of essays, documents, reviews, photos, and links related to the history of Cuba.
- H-LatAm* (<http://www.h-net.org/~latam/>). This is a website portal for scholars studying Latin American history. It includes essays, book reviews, and message boards.
- Latin American Information Network Center* (<http://lanic.utexas.edu/>). The University of Texas at Austin hosts a site that has links to many different useful online sources for Latin American history. It includes sources both in the United States and in Latin American countries.
- Latin American Pamphlets* (http://vc.lib.harvard.edu/vc/deliver/home?_collection=LAP). Harvard University has a digital collection of over 5,000 Latin American pamphlets from the nineteenth and twentieth centuries, illustrating the political development of the region.

Endnotes

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2. Robert L. Scheina, *Latin America's Wars: The Age of the Caudillo, 1791–1899* (Washington, DC: Brassey's, Inc., 2003), 84.
3. Carlos Fuentes, *The Campaign* (New York: Harper Perennial, 1990), 68.
4. Robert H. Holden, *Armies Without Nations: Public Violence and State Formation in Central America, 1821–1960* (New York: Oxford University Press, 2004), 26.
5. Fernando López-Alves, *State Formation and Democracy in Latin America, 1810–1900* (Durham: Duke University Press, 2000).

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7. Brian Loveman, *For La Patria: Política and the Armed Forces in Latin America* (Wilmington, DE: Scholarly Resources, 1999), xxi.
8. Brian Loveman, *The Constitution of Tyranny: Regimes of Exception in Spanish America* (Pittsburgh: University of Pittsburgh Press, 1993), 61.
9. *International Herald Tribune*, “Peru Removes Army Chief, Says Spat with Chile Over,” December 6, 2008.
10. Simon Romero, “Bolivia Reaches for a Slice of the Coast That Got Away,” *The New York Times*, September 24, 2006.
11. See Scheina 2003, Chapter 34, for a detailed narrative of the war.
12. Joseph Conrad, *Lord Jim & Nostromo* (New York: The Modern Library, 1999 [1904]).
13. William R. Shepherd, *Latin America* (New York: Henry Holt and Company, 1914), 82.
14. Shepherd 1914, 170.
15. Quoted in Lars Schoultz, *Beneath the United States: A History of U.S. Policy Toward Latin American* (Cambridge: Harvard University Press, 1998), 7.
16. Enrique Krauze, “Looking at Them: A Mexican Perspective on the Gap with the United States,” in *Falling Behind: Explaining the Development Gap Between Latin America and the United States*, ed. Francis Fukuyama (Oxford: Oxford University Press, 2008), 50.
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18. Howard J. Wiarda, *The Soul of Latin America* (New Haven: Yale University Press, 2003), vii.
19. John Charles Chasteen, *Born in Blood and Fire: A Concise History of Latin America* (New York: W.W. Norton and Company, 2001), 113.