

¹³ Torcuato S. Di Tella, "Populism and Reform in Latin America", in Claudio Véliz (ed.), *Obstacles to Change in Latin America* (1965).

¹⁴ 24 December, 1966.

¹⁵ *Message to the Tricontinental* (1967).

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Latin America: Capitalist Underdevelopment or Socialist Revolution?*

Latin America and other parts of the world which became underdeveloped were long ago incorporated into the expanding world mercantile capitalist and then imperialist system as political and/or economic colonies. Any adequate comprehension of the economic, social, political and cultural characteristics of Latin America and other underdeveloped areas therefore requires the scientific examination not only of their societies in and of themselves but also of the colonial and class structure of this world system as a whole. This study, both in its historical and contemporary aspects, must be undertaken in part by historians and social scientists from these underdeveloped countries themselves if they wish to understand their own societies. This is all the more so necessary because the analysis of the productive capacity and relations of capitalism and imperialism, even by most Marxists, has so far been pursued from a metropolitan perspective in which the colonial countries are viewed more as supplementary annexes than as integral parts of the structure and development of this capitalist system. The resulting distortion of the picture and analysis of capitalism must be corrected, especially by social scientists from the capitalist system's underdeveloped part, through its scientific examination from a world-wide perspective which corresponds to capitalism's world-wide reality.

Latin American reality and underdevelopment derives from its integration in this world mercantile capitalist and imperialist

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system. The understanding of this reality and the analysis of the causes of this underdevelopment must be derived from the scientific examination of Latin American participation in the historical and still ongoing process of world capitalist development. This is most evidently the case for those parts of Latin America which comprise the majority of its population and land area, notably the Caribbean, Brazil, and the southern cone countries, where this historical process painted contemporary society on what was virtually a tabula rasa with no or immediately replaced population when the Europeans arrived. Nonetheless, the contemporary society of Indoamerica, in which lived nearly fifty million descendants of the pre-Hispanic population, was no less shaped by this same historical process: the Indians, involuntarily, gave their land and labor to the development of the national and overseas metropolises in the colonial, national, and still contemporary period. To hold that these Indians have been left essentially untouched by this historical process or that they are substantially isolated from Latin American and world capitalist society today is contrary to all historical and contemporary fact.

The class structure of Latin America has throughout this process been the product essentially of the colonial structure which the Iberian and later the British and North American metropolis imposed and impressed on Latin America in their successful drive to make the latter's people into the producers and suppliers of raw materials and capital for the world productive process that led to metropolitan economic development. Thus, and this is true not only on the national level but also on the local one, Latin America came to have and still has the class structure of a colonial or neo-colonial export economy.

Ferrer notes:

Mining, tropical agriculture, fishing, hunting, and lumbering (all of which are basically connected with export trade) were the developing industries in the colonial economies and, as such, attracted available capital and labour resources. . . . The groups with interests in exporting activities were merchants and property owners with high incomes and high crown and church officials. These sectors of the population . . . constituted both the

internal colonial market and the source of capital accumulation. . . . The greater the concentration of wealth in the hands of a small group of property owners, merchants and influential politicians, the greater the propensity to obtain durable and manufactured consumer goods from abroad. . . . Thus, the export sector by its very nature would not allow the transformation of the system as a whole . . . [and was] the basic obstacle to the diversification of the internal productive structure and, therefore, to the consequent elevation of the technical and cultural levels of the population, the development of social groups connected with the evolution of internal markets and the search for new lines of exportation free from the metropolitan authority.¹

Of the remaining potentially investible capital, the structure of underdevelopment directed a large part into mining, agricultural, transport, and commercial enterprises for export to the metropolis, much of the rest to luxury import from the metropolis, and only very little into manufacturing and consumption related to the internal market. Thanks to foreign trade and finance the economic and political interests of the mining, agricultural, and commercial bourgeoisie did not lie with internal development.²

The productive relations and class structure of the latifundium, the mine, and their economic and social hinterland grew up in response to the colonialist exploitative needs of the overseas and Latin American metropolises. They were not, as is so widely but falsely claimed, the result of the transfer of Iberian feudal institutions during the sixteenth century. The development of this class structure and its contemporary economic and political consequences still demands additional research.

Nonetheless, even on the basis of the facts that are already universally known today, it is possible to affirm with confidence that the class structure and productive relations associated with the nineteenth- and twentieth-century latifundium in Cuba, Argentina, coastal Peru, coffee-growing São Paulo, and contemporary post-agrarian reform northern Mexico can have absolutely nothing to do with the supposed importation of feudal institutions from the Iberian peninsula during colonial times (nor can, of course, the quite similar institutions in the

British West Indies). As I have argued elsewhere,³ the same thing, exactly, is shown by the historical evidence from eighteenth-century Chile, seventeenth-century Mexico, and elsewhere. In reality, though this requires further study, it is the productive and mercantile requirements of the colonial mercantile capitalist and imperialist system which have shaped the essentially capitalist class structure of the agricultural and mining export regions. The consequences of introducing modern industry into this colonial and class structure will be touched on below.

Until imperialism, the only exception to this pattern had been the weakening of the ties of foreign trade and finance during metropolitan wars or depressions, such as that of the seventeenth century, and the initial absence of such effective ties between the metropolis and isolated non-overseas export oriented regions, which permitted a temporary or incipient autonomous capital accumulation and industrial development for the internal market, such as that of the eighteenth century in São Paulo in Brazil, Tucuman and others in Argentina, Asuncion in Paraguay, Queretaro and Puebla in Mexico, and others.⁴

In the colonial era of capitalist development, then, foreign finance was primarily a stimulatory adjunct to the pillage of resources, the exploitation of labour, and the colonial trade which initiated the development of the European metropolis and simultaneously the underdevelopment of the Latin American satellites.

The economic and political ascendancy of Great Britain and the political independence of Latin America after the Napoleonic Wars left three major interest groups to decide the future of Latin America through their tripartite struggle: (1) The Latin American agricultural, mining, and commercial interests who sought to maintain the underdevelopment-generating export economy structure – and only wanted to replace their Iberian rivals from their privileged positions in it; (2) the industrial and other interest groups from the afore-mentioned and other interior regions, who sought to defend their budding but still weak development-generating economies from more free trade and foreign finance, which was threatening to force them out of

existence: and (3) the victorious and industrializing British, whose Prime Minister Lord Canning noted in 1822: "Spanish America is free; and if we do not mismanage our affairs, she is English." The battlelines were drawn with the traditional Latin American import-export and metropolitan industrial-merchant bourgeoisies in natural alliance against the weak Latin American provincial and industrial nationalists. The outcome was practically predetermined by the past historical process of capitalist development, which had stacked the cards this way.

During the period of the mid-twenties to the mid-forties or fifties, the nationalist interests from the interior were still able to force their governments to impose protective tariffs in many countries. Industry, national flag shipping, and other development-generating activities showed spurts of life. At the same time, Latin Americans themselves rehabilitated old and opened new mines, and began to develop their agricultural and other primary goods export sectors. To permit and promote internal economic development as well as to respond to increasing external demand for raw materials, the liberals pressed for land and other reforms as well as immigration that would increase the domestic labor force and expand the internal market.

The export-import metropolitan oriented Latin American bourgeoisies and their national mining and agricultural allies opposed this autonomous capitalist development because, with tariff protection, it took place at the cost of their export-import interests; and they fought and defeated the provincial and industrial nationalists, who claimed the protection of federal states' rights, in the federalist-unitarist civil wars of the thirties and forties. The metropolitan powers aided their Latin American junior trade partners with arms, naval blockades, and where necessary direct military intervention and instigation of new wars, such as that of the Triple Alliance against Paraguay, which cost six-sevenths of its male population in the defense of its nationally financed railroad and genuinely independent autonomous development effort.

Trade and the sword were readying Latin America for metropolitan free trade; and to do so the competition of Latin American industrial development had to be eliminated; and, with the

victory of the outward oriented economic interest groups over the inward oriented ones, ever more of the Latin American economy and state as well had to be subordinated to the metropolis. Only then would trade become free and foreign finance again come into its own. A contemporary Argentinian nationalist noted: "After 1810 . . . the country's balance of trade had been consistently unfavourable, and at the same time native merchants had suffered irreparable losses. Both wholesale export trade and retail import commerce had passed into foreign hands. The conclusion seems inescapable, therefore, that the opening of the country to foreigners proved harmful on balance. Foreigners displaced natives not only in commerce but in industry and agriculture as well." Another added: "It is not possible that Buenos Aires should have sacrificed blood and wealth solely for the purpose of becoming a consumer of the products and manufacture of foreign countries, for such is degrading and does not correspond to the great potentialities which nature has bestowed upon the country. . . . It is erroneous to assume that protection breeds monopoly. The fact is that Argentina which has been under a régime of free trade for over twenty years is now controlled by a handful of foreigners. If protection was going to dislodge foreign merchants from their positions of economic pre-eminence, the country would have occasion to congratulate itself on making the first step toward regaining its economic independence. . . . The nation cannot continue without restricting foreign trade, since restriction alone would make industrial expansion possible; it must no longer endure the weight of foreign monopoly which strangles every attempt at industrialization."⁸ But it did.

As Burgin correctly analyzes in his study of Argentine federalism: "The economic development of post-revolutionary Argentina was characterized by a shift of the economic center of gravity from the Interior towards the seacoast, brought about by the rapid expansion of the latter and the simultaneous retrogression of the former. The uneven character of economic development resulted in what was to some extent a self-perpetuating inequality. The country became divided into poor and rich provinces. The Interior provinces were forced to relinquish ever larger portions of the national income to Buenos Aires and other

provinces of the East."⁹ In Brazil, Chile, Mexico, throughout Latin America, industrialists, patriots, and farsighted economists similarly denounced this same inevitable process of capitalist underdevelopment. But in vain: world capitalist development and the sword had made free trade the order of the day. And with it came foreign capital.

Free trade, as the German nationalist Friedrich List aptly noted, became Great Britain's principal export good. It was not for nothing that Manchester Liberalism was born in Cottonopolis. But it was embraced with enthusiasm, as Claudio Veliz has pointed out, by the three legs of the Latin American economic and political table, which had survived since colonial times, had defeated their national developmentist domestic rivals and captured the Latin American state, and were now naturally allied and subservient to the foreign metropolitan interests through free foreign trade to secure their and the foreigners' closed national monopoly.

Not surprisingly, but in terms both of historical reality and present-day political and ideological needs regrettably, we owe most existing interpretations of these and other events in Latin America to interested liberal contemporaries and historians, who have shaped our image of the events in terms of their interests. Unfortunately, Marxists who have drawn primarily on metropolitan theory have also drawn primarily on liberal researched fact for their analysis. In consequence, they have also all too often bottled a liberal admixture of wine and water under a Marxist label. Revolutionary political policy today could well benefit from truly scientific Marxist re-interpretation of such historical figures as Rosas and Rivadavia in Argentina, Dr. Francia and Lopez father and son in Paraguay, Rengifo and Balmaceda in Chile, Maua and Nabuco in Brazil, Mora or Lucas Alaman and Juarez in Mexico, and their respective economic and political policies or epochs. Some of these appear to have attempted, and others to have opposed or co-opted, already in the early nineteenth century, the bourgeois democratic revolution and nationalist industrialization program for which certain political interests are not trying to rally popular support in the late twentieth century in Latin America.

The previous period paved the way for the emergence of imperialism and its new forms of foreign investment both in the metropolis and in Latin America, where free trade and liberal land and other reforms had concentrated land into fewer hands, had thus created a larger agricultural and unemployed labor force, and had brought forth governments dependent on the metropolis, who now opened the door not only to more metropolitan trade but to the new imperialist investment finance which were quick to take advantage of these developments.

The new metropolitan demand for and Latin American profitability of raw materials production and export attracted both private and public Latin American capital into expanding the infrastructure necessary for this export production. In Brazil, Argentina, Paraguay, Chile, Guatemala, and Mexico (to the author's knowledge, but probably in other countries as well), domestic or national capital built the first railroad in each of these countries. In Chile, it opened up the nitrate and copper mines that were to become the world's principal supplier of commercial fertilizer and red metal, in Brazil the coffee plantations that supplied nearly all the world's tables, and similarly elsewhere. Only after this proved to be a booming business – as after Britain had to find outlets for its steel – did foreign capital enter into these sectors and take over the ownership and management of these initially Latin American enterprises by buying out – often with Latin American capital – the concessions of these natives.

In Latin America, this same imperialist trade and finance did more than increase the amount of production, trade, and profit by accumulating about U.S. \$10,000 million of investment capital there. The imperialist metropolis used its foreign trade and finance to penetrate the Latin American economy far more completely and to use the latter's productive potential far more efficiently and exhaustively for metropolitan development than the colonial metropolis had ever been able to do. As Rosa Luxemburg noted of a similar process elsewhere, "stripped of all obscuring connecting links, these relations consist in the simple fact that European capital has largely swallowed up the Egyptian peasant economy. Enormous tracts of land, labour, and labour

products without number, accruing to the state as taxes, have ultimately been converted into European capital and have been accumulated."

Indeed, in Latin America imperialism went further. It not only availed itself of the state to invade agriculture; it took over nearly all economic and political institutions to incorporate the entire economy into the imperialist system. The latifundia grew at a pace and to proportions unknown in all previous history, especially in Argentina, Uruguay, Brazil, Cuba, Mexico, and Central America. With the aid of the Latin American governments, foreigners came to own – usually for next to nothing – immense tracts of land. And where they did not get the land, they got its products anyway; because the metropolis also took over and monopolized the merchandizing of agricultural and most other products. The metropolis took over Latin American mines and expanded their output, sometimes exhausting irreplaceable resources, such as the Chilean nitrates, in a few years. To get these raw materials out of Latin America and to get its equipment and goods in, the metropolis stimulated the construction of ports, of railroads, and, to service all this, of public utilities. The railroad network and electric grid, far from being net- or grid-like, was ray-like and connected the hinterland of each country and sometimes of several countries with the port of entry and exit, which was in turn connected to the metropolis. Today, four score years later, much of this export-import pattern still remains, in part because the railroad right-of-way is still laid out that way, and more importantly because the metropolitan oriented urban, economic, and political development which nineteenth-century imperialism generated in Latin America gave rise to vested class interests who tried and with metropolitan support managed to maintain and expand this development of Latin American underdevelopment during the twentieth century.

Implanted in colonial and deepened in the free trade eras, the colonial and class structure of underdevelopment was consolidated in Latin America by nineteenth-century imperialist trade and finance. Latin America was converted into a primary monoproduct export economy with its latifundium and

expropriated rural proletariat or even lumpen-proletariat exploited by a satellized bourgeoisie acting through the corrupt state of a non-country: "Barbarous Mexico" (Turner);⁸ the "Banana Republics" of Central America, which are not company stores but "company countries"; "The Inexorable Evolution of the Latifundium: Overproduction, Economic Dependence, and Growing Poverty in Cuba" (Guerra y Sanchez);⁹ "British Argentina"; and "Pathological Chile" of which the historian Francisco Encina wrote in 1912, under the title, *Our Economic Inferiority: Its Causes and Consequences*:¹⁰ "Our economic development of recent years exhibits symptoms which characterize a real pathological state. Until the middle of the nineteenth century, the foreign trade of Chile was almost exclusively in the hands of Chileans. In less than fifty years, foreign trade has choked off our nascent commercial initiative abroad; and in our own home it eliminated us from international trade and replaced us, in large part, in retail trade. . . . The merchant marine . . . has fallen into sad straits and continues to cede ground to foreign shipping even in the coastwide trade. The majority of the insurance companies that operate among us have their head office abroad. The national banks have ceded and keep ceding ground to the branches of foreign banks. An ever growing share of the bonds of the savings institutions are passing into the hands of foreigners who live abroad."

With the development of nineteenth-century imperialism, foreign investment came to play an almost co-equal part with foreign trade in harnessing Latin America to capitalist development and in transforming its economy, society, and policy until the structure of Latin American underdevelopment was firmly consolidated.

Bourgeois Nationalism

In Latin America, the First World War had given the satellite economies a respite from foreign trade and finance as well as other ties with the metropolis. Accordingly, as had happened before and would again, Latin Americans generated their own industrial development, mostly for the internal consumer goods market. No sooner did the war end, than did metropolitan, now

increasingly United States based, industry expand into precisely those regions and sectors, especially consumer goods manufacture in Buenos Aires and São Paulo, which Latin Americans had just opened up industrially and shown to be profitable. Here, then, supported by their financial, technological, and political power, the giant American and British corporations displaced and even replaced – that is, depatriated – Latin American industry. The naturally following balance of payments crises were met by foreign loans to cover the Latin American deficits and to extract governmental concessions for increased metropolitan penetration of the Latin American economies.

The 1929 Crash, contrary to international trade theory but true to historical precedent, sharply reduced foreign finance along with foreign trade and prices, and therewith the transfer of satellite investible resources to the metropolis. This weakening of economic ties with and reduction of metropolitan political interference in Latin America was begun by the Depression of 1930, maintained by the recession of 1937, and continued by the Second World War and its reconstruction aftermath until the early 1950s. It created economic conditions and permitted political changes in Latin America which resulted in the beginning of its strongest nationalist policy and biggest independent industrialization drive since the post-independence 1830s and 1840s, and possibly ever.

It is essential to understand that the recent changes in the class structure of Brazil, Argentina, Chile, Venezuela, Mexico and other parts of Latin America have occurred both within their external and internal colonial structure and substantially in response to metropolitan generated changes in their colonial relations. And it is important to interpret these changes of class structure in terms of the colonial structure that underlies them. This also must be done primarily by Latin American social scientists and other intellectuals who have been able to free themselves from the ideological and political commitment to the bourgeois order created by these developments.

The economic shock of drastic reduction of Latin American import capacity and the decline of metropolitan manufacturing exports and of foreign investment and loans, which were caused

by the Great Depression in the metropolis, had far-reaching economic and political consequences in many parts of Latin America. It is essential to understand both the extent and the limitations of these consequences before we can adequately comprehend the resulting economic and political problems of today. The onset of the Depression changed national income and its distribution so much in Latin America that the existing institutional framework was unable to cope with the necessary adjustments: revolutions occurred in 1930 or soon thereafter in Brazil, Argentina, Chile, Cuba; and the Mexican Revolution of 1910, which had nearly come to a halt, was given a new impulse. Revolutionary activity agitated other parts of the continent. The metropolitan allied export interests were obliged to form a coalition with the still weak industrial interests and (at least in Brazil) with new regional interests, who forced themselves into the government. Counter-revolutions representing some of the traditional interests were attempted within two or three years; and they were partially successful in Cuba and Chile, though not in the three major Latin American countries. Throughout, the relaxation of the economic colonial ties with the metropolis and in general (though not in Cuba) the relative paralyzation of imperialist political intervention, which the metropolitan depression produced in Latin America, also laid the economic and political basis for new class alignments and industrialization policies. So long as the national governments continued to protect the export interests (as the Brazilian government did through coffee price supports), these interests were now willing and in some cases anxious to permit the promotion of domestic manufacturing – at a time that the Depression had ruined the export business anyway.

Some Latin American countries began to produce at home the consumer goods they had imported before. But this process of "import substitution" had two major limitations built in, both of which derived from the existing class structure. First, they had to begin with the existing income distribution and demand structure. This meant that they had to concentrate on consumer goods, particularly for the high income market. Without a major change in the class structure and in income distribution, the internal market could not expand fast enough to sustain the

import substitution process indefinitely. For the same reason, they did not produce enough industrial equipment or producers' goods (Sector I in Marxist terms); so that they were increasingly obliged to import these from abroad, in order even to keep the import substitution process going. That is, they ended up only substituting some imports for others. This renewed their dependence on the metropolis and led to the renewal of foreign investment. To have avoided these two limitations, these Latin American countries would have had to follow the Soviet industrialization model in which the state, rather than consumer demand, determined the goods – capital goods – to be produced first. But for that they would have had to have a Soviet state, that is a socialist class structure. The domestic political arrangements of the thirties were able to survive the depression for some time, because the Second World War, though it improved the export picture, still did not permit the renewal of imports from the metropolis. But the end of the Korean War finally terminated this Latin American honeymoon in which the colonial export interests had maintained an uneasy marriage with national bourgeois industrial interests and a growing industrial proletariat, producing as offspring an ill-formed national industry, and all with imperialism's grudging blessings.

It is particularly important to understand not only the successes but the limitations of this period, because two principal political problems of our day arise out of the survival of its deformed offspring and out of some people's attempts to breathe new life into it or to produce another such child today. This period saw the flowering of the political and ideological movements of Vargas, Peron, Cárdenas, Haya de la Torre, Aguirre Cerda, Betancourt, Figueres, Arevalo-Arbenz (and, one might note, of Ghandi and Nehru in another colonial part of the same world-wide system). And it was the time of economic nationalism, national, and in some cases industrial, development, growth of urban industrial workers and middle sectors (*capas*), democratic reformism, welfarism, and populism, associated with these names (except for Haya, who never got the reins of government, and Betancourt, of whom, notably, this holds only for his first presidential period). These developments require further study,

particularly to account for the differences in their scope and timing. Why, for instance, is Peronism and Arevalo-Arbenzism so late in this period, compared to developments in Brazil, Chile, Mexico?

We may be tempted to call this the work of the national bourgeoisie in Latin America, who perhaps attempted a colonial version of the "bourgeois democratic revolution" or of a "marriage of rye and iron" on the German Bismarckian or Japanese Meiji Restoration model, all while the colonial ties were temporarily weakened by depression and war in the imperialist metropolis. But perhaps, if we must look for any at all, it may be historically more accurate to look for the bourgeois democratic revolution a hundred years earlier when the generations of Francia, Lopez, Rosas (before he, like Betancourt after him, changed colours), Juarez, and later Nabuco and Balmaceda had symbolized essentially similar attempts at nationalist and national development.

Irrespective of our answer to this question, it is imperative to understand that this industrial development, this bourgeois nationalism, this alliance of the working class with national bourgeois elements against imperialism abroad and the export interests at home, and the whole ideological superstructure that goes with them, all were the product of particular historical circumstances, which have definitely come to an end with the recovery of the metropolis after the Second World War and with the important changes that the metropolis and the remainder of the world have undergone since then, particularly the technological revolution and the militarization of the United States and the socialist revolution and development in some of the metropolis's ex-colonies. These events, these changes in the colonial structure of the world capitalist system, render the continuation of such bourgeois nationalist development in Latin America impossible and make all dreams of its re-initiation in the future entirely Utopian – that is, Utopian for the bourgeoisie, but politically suicidal for the people. And this is so not only in Latin America, but as the evidence from the neo-colonies of Africa, Asia, and particularly Indonesia shows, it is true for the colonial part of the imperialist system generally.

Neo-Imperialism

Imperialism is certainly the principal enemy of mankind today. But how does this enmity express itself in the heart of contemporary Latin American society? What expression does this enemy take there, and how must we fight him? To find answers to these questions it is well to inquire further into the complex and still changing relationship between colonial and class structure in Latin America. We may begin with some questions posed by recent changes in the colonial structure.

The classical colonial relationship between the metropolis and Latin America, in which the former's exploitation of the latter was principally arranged through the productive division of labor and monopolistic exchange of manufactured commodities and raw materials, is being replaced or at least supplemented by a new form of exploitation through foreign investment and so-called aid. As the metropolis achieves increasingly more capital intensive, and particularly more technologically complex, forms of production at home, it increasingly replaces simple foreign trade by foreign investment in manufacturing subsidiaries facilities abroad, which now produce the formerly imported consumer and some producer goods locally – but with equipment and technology imported from the home office (*matriz*) in the imperialist metropolis. The Latin American and other colonies' loss of capital on account of the terms of trade (not only the deterioration of the terms of trade of which CEPAL and UNCTAD complain, but also the monopoly exploitation that these terms of trade represent at their least unfavourable level, such as that of the Korean War period) is thus increasingly supplemented by an additional flow of capital from the colonies to the metropolis on account of profit remittance, debt service, royalties, etc. Thus, in 1961–3 Latin America's payment for these "invisible" financial "services" amounted to 40 per cent of Latin America's foreign exchange earnings; and payment for foreign-provided transportation and other services amounted to another 21.5 per cent, for a total of 61.5 per cent of its foreign exchange earnings that Latin America was obliged to spend for services, without the importation of a single penny's worth of

goods. This meant an annual expenditure of U.S. \$6,000 million, or 7 per cent of Latin America's gross national product (GNP) for these years.¹¹ By comparison, the deterioration of the terms of trade since the early 1950s, which is CEPAL's principal complaint, represented 3 per cent (additional) loss of Latin American GNP;¹² and total Latin American expenditures for education, from kindergarten through to university, public and private, were 2.6 per cent of its GNP.¹³ Since that time the debt service component of this capital drain has risen from 15 per cent to 19 per cent (in 1966) of foreign exchange earnings, probably raising the total of service payments to over 65 per cent of foreign exchange earnings or nearly 8 per cent of the GNP – plus the 3 per cent or more represented by the deterioration of the terms of trade and an incalculable amount of loss through the monopoly exploitation in these terms of trade. Yet even this calculable capital drain out of Latin America is three or four times as great as that mentioned in the Second Declaration of Havana and in estimates by Fidel Castro. No wonder that this colonial relationship turns Latin America's balance of trade surplus into a chronic and growing balance of payments deficit, which, in a vicious spiral, makes the Latin American bourgeoisie ever more dependent on imperialism. This growing problem is worthy of much more study than it has so far received.

Nonetheless, worse than the drain of capital is the structure of underdevelopment and the brake and mischanneling to which it subjects national development, which imperialism deepens in Latin America through increasing foreign investment. The institutional mechanisms through which this flow of capital from the poor to the rich is effected also pose a number of questions. What is the source of this capital in Latin America, and most particularly how is foreign, principally U.S., investment in Latin America financed? The evidence suggests that an increasingly small share of "North American" investment capital is brought to Latin America from North America, and that an ever greater part of it is raised in Latin America itself.

Thus, according to the United States Department of Commerce, of the total capital obtained and employed from all sources by United States operations in Brazil in 1957, 26 per cent came

from the United States and the remainder was raised in Brazil, including 36 per cent from Brazilian sources outside the American firms.¹⁴ That same year, of the capital in American direct investment in Canada, 26 per cent came from the United States while the remainder was also raised in Canada.¹⁵ By 1964, however, the part of American investment in Canada that entered from the United States had declined to 5 per cent, making the average American contribution to the total capital used by American firms in Canada during the period 1957–64 only 15 per cent. All the remainder of the "foreign investment" was raised in Canada through retained earnings (42 per cent), depreciation charges (31 per cent), and funds raised by American firms on the Canadian capital market (12 per cent). According to a survey of American direct investment firms operating in Canada in the period 1950–9, 79 per cent of the firms raised over 25 per cent of the capital for their Canadian operations in Canada, 65 per cent of the firms raised over 50 per cent in Canada, and 47 per cent of the American firms with investments in Canada raised all of the capital for their Canadian operations in Canada and none in the United States. There is reason to believe that this American reliance on foreign capital to finance American "foreign investment" is still greater in the poor underdeveloped countries, which are weaker and more defenseless than Canada. This, then, is the source of the flow of capital on investment account from the poor underdeveloped countries to the rich developed ones.

No wonder that between 1950 and 1965 the flow of capital on private investment account registered by the U.S. Department of Commerce was U.S. \$9,000 million from the United States to the world other than Europe and Canada, and U.S. \$25,600 million from these same countries in Asia, Africa and Latin America to the United States – of which U.S. \$3,800 million was from the U.S.A. to Latin America and U.S. \$11,300 million from Latin America to the U.S.A.¹⁶ It is therefore necessary to inquire with greater care into the Latin American banking system (government banks, nationally owned private banks, and foreign owned private banks), stock markets and other financial institutions, and foreign and nationally owned and especially mixed ownership

industrial and commercial enterprises, which make this capital flow possible.

Especially important, both on economic and political grounds, is the growing association of foreign and national capital in these mixed enterprises; and most important – and least studied – is the recent emergence of mixed enterprises which associate private foreign capital with Latin American national governments; as in the “Chilenization” of copper. Who provides the bulk of the capital (the Latin Americans, presumably); who has or achieves effective control of the enterprises, and therefore decides what goods to produce, what industrial equipment and processes to use, when to expand and contract, etc. (the Americans, presumably); and who reaps the bulk of the profits (the Americans, presumably); and who is left with the losses when business is unfavorable (the Latin Americans, presumably)? What are the political consequences of this association – no, incorporation – not only of Latin American export interests but now also of the Latin American industrial bourgeoisie, the erstwhile “national” bourgeoisie, with/by the imperialist monopoly? Some Latin American countries passed laws requiring 49 per cent or 51 per cent “national” participation in certain enterprises, supposedly to “protect” the national interest. It is now clear that these measures only served to submerge surviving elements of the “national” bourgeoisie in the imperialist one. Then some Latin American bourgeois governments proposed to “protect” or even “further” the “national” interest by themselves entering such mixed partnerships. The result can only be that these colonial governments lose even what little political bargaining power they have left in their already all too junior partnership with imperialism. This matter also demands greater scientific and political clarification.

The other arm of the contemporary economic and political offensive of American imperialism in Latin America is “foreign aid” and particularly its institutional expression in the “Alliance for Progress” and “economic integration”. These have been denounced by the left in Latin America, though the latter hardly even that; but they have by no means been adequately analyzed. Exactly who is allied to whom, and who is aided by whom?

There is evidence, which bears further investigation, that much of the aid does not even go to the Latin American bourgeoisie, and of course much less to the Latin American people, but rather to the U.S. firms operating in Latin America. If the Latin American bourgeoisie is to benefit from this part of the “aid”, it must do so through its association with these imperialist monopolies. What then, precisely, is the relation of this aid to foreign investment? Most denounced are the monetary, fiscal, exchange, and wage policy strings attached to the foreign loans of U.S. and U.N. agencies, especially the International Monetary Fund. Yet these policies do not benefit only the imperialist bourgeoisie but also most sectors of the Latin American grand bourgeoisie, and the latter accept and execute them – like devaluation – eagerly. Why? With what political implications?

The Alliance for Progress began with substantial propaganda about land, fiscal, and other reforms, which had earlier been promoted by the more progressive and nationalist sectors of the Latin American bourgeoisie, and which more recently had been recommended by their ideological mouthpiece, the United Nations Economic Commission for Latin America (CEPAL). But these reform proposals were soon archived along with their associated economic “plans” (for reasons to be inquired into below); and their pride of place has since been taken, as was confirmed by the last “Inter” American Presidents’ meeting in Punta del Este in 1967, by proposals to accelerate the formation of a “Latin American” common market. This latter proposal enjoys very much more economic realism and political backing from the point of view of the United States, the grand bourgeoisie in the major Latin American countries, and the governments, including that of the “nationalist” Frei, which serve them. Evidently, it is much more realistic to try to expand industry by realigning the colonial structure abroad than by reforming the class structure at home in these Latin American countries – especially if in the process the degree of monopolization and the amount of monopoly profit can be increased at the expense of the already weak medium bourgeoisie and the popular classes at home, that is, through what will amount to a counter-

reform of the class structure at home. It is worthy of note that this "economic integration" proposal also enjoys the blessings of that defender of supposedly "national" bourgeois interests, CEPAL. Yet there are scarcely half a dozen articles and not a single serious study of the economic basis or consequences and the political implications of this move toward economic – and with it political and military – integration by the imperialist and Latin American bourgeoisie. Who is to make la patria América, and on what basis, imperialism or revolution?

Class Structure

What then is the class structure in Latin America and how is the anti-colonial and class struggle to proceed to socialism? We may inquire into the national, urban, and rural class structure in turn. The "national" governments are mostly more colonial even than the bourgeoisies they represent. It seems legitimate to ask – and in the case of contemporary Africa there can be little question – to what extent national states in the classical sense have existed in Latin America since Independence, and to what extent the state machinery has been at most times since then an instrument of a coalition between the metropolitan bourgeoisie and the major sectors of the Latin American bourgeoisies, who have always been the junior partners or even only the executors of imperialism. Military governments have been installed to manage state affairs for these interests when civilian governments were unable to do so. (The new military governments of Brazil and Argentina, which represent an important new departure, will be discussed below.)

The agricultural and mining export bourgeoisie owes its existence and survival to the colonial structure, and it is loyal to its colonial patron. This is true both of its productive sector and its commercial one, in the countryside and in the city. The latifundia "oligarchy" has no independent existence and – as we shall ask below – we must in fact question the extent to which it is even identifiable separately from the commercial and now also industrial bourgeoisie. This latter sector of the bourgeoisie, as appears from the examination of foreign investment, has now been also solidly integrated into the coalition between imperial-

ism and its Latin American comprador and bureaucratic bourgeois partners and executors. The combination of imperialist penetration, the decline in the terms of trade, devaluation, the consequent reduction in capacity to import industrial equipment, decline in growth and profit rates, and in some cases inflation, since the mid-1950s has all but forced the medium industrial "national" manufacturer and his distributor out of business or into the business empire of a foreign "investor" who bought him out. The foreign enterprise then sometimes converts him, literally, into a bureaucratic employee of the imperialist enterprise in which he is allowed to continue on as "manager" of or "consultant" to his old firm, with a salary or some stock in the imperialist enterprise for himself. What part of the national bourgeoisie, which developed under particular conditions during the thirties and forties, has been able to survive this process in the fifties and sixties? What political power do those who survive, if any, retain for use in any anti-imperialist struggle, when as in Brazil the imperialist squeeze obliges them to react by squeezing their workers, thereby undermining their erstwhile political alliance with the unionized industrial proletariat, which used to provide the national bourgeoisie with one of its major sources of political power?

Industrial development produced an industrial proletariat of consequence in some Latin American countries. So did the mining and petroleum industries, though the latter never accounts for a large part of the labor force. This industrial proletariat, especially in large industry, has been unionized in part under the aegis of the national bourgeoisie, which wanted to guarantee itself both political support from and control over this labour movement, and by Communist parties, who have been by and large allied to this national bourgeoisie. The unionized industrial workers, though exploited, were often rewarded by wage incomes that were high relative to the bulk of the population and by social security coverage that was hardly available to most others.

Since the metropolis pre-empts an increasing share of the most profitable Latin American business and forces the remainder into growing economic difficulties, the Latin American bourgeoisie

that lives off this less profitable business is left no choice but to fight – even if vainly – for its survival by increasing the degree of wage and price exploitation of its petty bourgeoisie, workers, and peasants, in order to squeeze some additional blood out of that stone; and at times, the Latin American bourgeoisie must resort to direct military force to do so. For this reason – no doubt more than for idealistic or even ideological reasons – almost the entire Latin American bourgeoisie is thus thrown into political alliance with – that is into the arms of – the metropolitan bourgeoisie: they have more than a common longterm interest in defending the system of capitalist exploitation; even in the short run, the Latin American bourgeoisie cannot be national or defend nationalist interests by opposing foreign encroachment in alliance with Latin American workers and peasants – as the Popular Front rule book would have them do – because the same neo-imperialist encroachment is forcing the Latin American bourgeoisie to exploit its supposed worker and peasant allies ever more and is thus forcing the bourgeoisie to forego this remaining source of political support. While the Latin American bourgeoisie is pursuing wage, price, and political policies that exploit its workers and that repress their legitimate demands for relief from this growing exploitation, the Latin American bourgeoisie cannot rally their support against the metropolitan bourgeoisie; while the economic inefficiency of this exploitation interferes with domestic saving for investment and obliges the bourgeoisie to turn abroad for immediate foreign finance.

The Brazilian bourgeoisie has been trying to find an additional way out, first through the “independent” foreign policy of Presidents Quadros and Goulart (who sought new markets in Africa, Latin America, and the socialist countries) and, after that proved impossible in an already imperialized world, through the “inter-dependent” sub-imperialist foreign policy, begun by the present military government as a junior partner to the United States. Brazilian sub-imperialism also requires low wages in Brazil, so that the Brazilian bourgeoisie can enter the Latin American market on a low cost basis, which with obsolete but still modern American equipment is the only one it has. In the sub-imperialized countries of Latin America, the Brazilian in-

vasion also leads to depressing wages, since doing so is the local bourgeoisie's only possible defensive reaction. Thus, sub-imperialism also aggravates the contradictions between the bourgeoisie and labor in each of these countries.

Therefore, neo-imperialism and monopoly capitalist development in Latin America are drawing and driving the entire Latin American bourgeoisie class – including its comprador, bureaucratic, and national segments – into ever closer economic and political alliance with and dependence on the imperialist metropolis. The road of national or state capitalism to economic development is already foreclosed to them by neo-imperialist development today. The political task of reversing the development of Latin American underdevelopment therefore falls to the people themselves.

Under these circumstances, what is the economic and political future of this industrial proletariat and its political organizations? The recent economic stagnation of much of Latin America has been translated, among other things, into declining real wages for these workers. This, and the declining fortunes of the national bourgeoisie, seems to have seriously undermined this worker-bourgeoisie alliance. The 1964 and 1966 military coups in Brazil and Argentina, which were not simple palace revolts in the “traditional” Latin American style, have substantially undone the remainder of the uneasy marriage between the colonial and national bourgeois interests of the Vargas and Peron eras and have effectively cemented the imperialist-export-foreign association industry and commerce-bourgeois marriage. (Internationally these coups correspond to the world-wide imperialist counter-offensive that also includes the African and Indonesian coups.) Will this new bourgeois régime continue to repress the economic and democratic political demands of the industrial workers, as it did in Brazil, or will it try and succeed to co-opt the labor movement as did the national bourgeoisie, perhaps on the Mexican model? And how will labor and its movement fare in the other Latin American countries? Have the Communist parties, whose principal political power rests on this labor union base, been substantially and bureaucratically integrated into the bourgeois establishment? What part will the industrial workers

and the Communist parties play in the present stage of the revolutionary process?

Two other urban "sectors" remain, the petit bourgeois middle "class(es)" and the "marginal" "floating" population, some but by no means all of them recent migrants from rural areas, who live in the *favelas*, *villas miserias*, *callampas*, *barriadas*, *ranchos*, etc. and in the *conventillos* of the inner city (though part of these are also industrial workers or ex-workers). These comprise the vast and still growing bulk of the urban population. It is no accident that these population groups are generally defined by their placement in the middle of the other classes and/or by their residence. This is because their relation to the means of production or even to the productive process is uncertain at best, and their political behavior is extremely volatile at worst. That is, both are characterized by extremely complex and changing patterns of economic and social relations and political behavior, which require considerable scientific clarification. Are the middle sectors, or particular parts of them, politically progressive because, except for the upper middle class, their income is compressed and their economic and social horizon is restricted by the polarization of the economy and the stagnation of many of its sectors? Or does reduction of their income and threat of proletarianization make them pursue reactionary political policies in alliance with the grand bourgeoisie and its military régime? Large sectors of the middle class enthusiastically supported the Brazilian and other military coups, only to become disillusioned with the new régime's economic policies. Why does this middle "class" generate the progressive petit bourgeois and especially student movements, which so far, however, do not represent the majority of their social base? Is it really correct to dampen the class struggle in order to maintain or attract these social groups into an "anti-imperialist" electoral struggle, or must larger sectors of the petit bourgeoisie be led into political opposition against the Latin American grand bourgeoisie, and thereby against imperialism?

Is the "floating" or "marginal" population, which may well account for half of the Latin American urban population (which in turn approaches half the total population) a "lumpen-

proletariat"? Are these people really ideologically untouchable and politically irresponsible and unorganizable? Imperialism and the bourgeoisie do not think so and are, so far all too successfully, harnessing them to their political purposes, which is only partially manifested by electoral support from these groups for Odria, Frei, Akehmar de Barros, etc. Yet in Caracas the left was able to mobilize part of this population, and in Santo Domingo they ended up mobilizing Coronel Camafio.

Perhaps the first and most important question to ask about the rural class structure is to what extent, if at all, it is separate and different from the national and urban class structure in Latin America. The importance of this question derives from the near universal answer by both bourgeois and Marxist scholars and political leaders that much of rural Latin America is in another "semi-feudal" world apart from the urban, national, and international capitalist system – and from the political policy associated with this view. Does Latin America really have a "dual" economy and society, in one part of which "survives" a pattern of feudal or semi-feudal productive relations and even a non-capitalist class structure? Does this "survival" really call for a bourgeois democratic revolution or even a national democratic revolution to extend capitalism into the countryside? Or is this one of the series of supposedly scientific and revolutionary "Marxist" models number 12, 13, 14 which Fidel Castro denounced as a reactionary catechism in his OLAS speech?

The historical record and contemporary reality, whose scientific examination was recommended above, suggest that it has for over four centuries been the world and national capitalist colonial structure which has shaped the productive relations and class structure of rural Latin America. This part of society, therefore, has never been separate from the capitalist world and national metropolises; and if it has been different, this is because the bourgeois interests of the latter have required rural Latin America to become and remain so. Rural Latin America has been colonially exploited by the world capitalist metropolis both directly and indirectly through the Latin American national metropolises. These latter subject their rural (and urban) hinterland to the same kind of "internal" colonial exploitation and

capital drain as they suffer at the hands of imperialism. The bourgeoisie in the national metropolis collaborates with imperialism in the class and colonial exploitation of its own people. And the parts of the bourgeoisie which own the latifundia and which exercise monopoly control over internal trade, of course, form an integral part of this capitalist colonial and class system. Far from asking how isolated and "feudal" this rural "oligarchy" is, we must inquire how commercially the latifundista bourgeoisie (if it is rural at all) is tied to the major urban commercial and industrial monopolies; to what extent in fact landed monopoly is owned by the same persons, families, or corporations as commercial and industrial monopoly; to what extent latifundistas derive their income from agricultural production on their land and to what extent their monopoly ownership of the land simply renders possible the commercial, financial, and political exploitation of those who work the latifundium and neighboring land. But this again leads to asking how colonial capitalist exploitation creates and maintains the productive relations on the latifundium and the class structure in rural Latin America, which may superficially appear "feudal" but which make this capitalist exploitation possible. Finally, we must ask who wants to change these productive relations – certainly not the Latin American grand bourgeoisie – and how – certainly not by an "anti-feudal" or "anti-imperialist" bourgeois democratic revolution.

What, then, is the essential relationship between the large landowner-merchants and those who work the land in Latin America? Do the latter constitute a peasantry, serf-like or free? It is suggested that more careful inquiry will show that, irrespective of the multitude of forms of payment between those who own and those who work the land, for both the essential relation between them – no less than in industry – is the exploitation of the latter, who lack the means of production to support themselves, by the former who own them. Far too little is known about the variety of forms, and particularly about the vast areas of Brazil (as in the Northeast), Argentina, the Caribbean, but also Indian populated countries like Peru and Guatemala, in which large parts of the rural population are essentially agricultural workers – a rural proletariat – who work for what is

essentially a wage, though a low and unsteady one, as they migrate from farm to farm, from region to region, and even to other countries (as do Mexican *braceros*) when economic and climatic conditions demand. Nor do they work only for large landowners. They work wherever and however they can, in and out of agriculture. And they are hired also by medium-scale owners, small owners, and even by tenants, who sometimes use them to fulfil their labor quota obligation to their own landlords. What is this complex pattern of exploitation? To what extent is this rural proletariat interested in land, and to what extent in higher wages or greater employment security? And to what extent are small owners and tenants, who are themselves exploited but who hire wage labor, interested in keeping wages from rising, and minimum wage laws from being passed or enforced in rural areas, lest their competitive position be worsened in the face of the larger landed monopolies who can better afford such wage increases? To what extent are these small owners and tenants themselves wage workers – and interested in higher wages – and/or merchants – and interested in higher or lower prices – because the land they own or rent or share-crop is insufficient to support their family? To what extent are owners of medium-sized farms not farmers at all, but rural and urban petit bourgeois merchants, employees, or professional people, who want to squeeze the maximum out of those who work their land? Some claim that small owners and tenants can be politically mobilized before the rural proletarians, and revolutionary experience seems to agree with them. But others maintain the opposite. Where then must political work be begun, with what slogans, and with what allies?

Latin American Indians are said to live in a world apart. It is true that, wherever they can, they try to preserve their culture and where possible a corporate community which presents a common front against the outsider. This has been their best – and at best inadequate – protection against the exploitation they suffer as a result of having been forced to the very bottom of both the internal colonial and domestic class structures. Far from being outside the colonial and class structure, they are its most integrally exploited members. As such, they have just suspicions,

based on 400 years of experience, of all proposals to eliminate their exploitation by reforms from above. Does this mean that they will not incorporate themselves into revolutionary struggle from below, if they once come to perceive it as that – and if it once becomes revolutionary enough to permit and justify such perception? Historical evidence shows that the Indian can be politically mobilized, as in Guatemala; in fact, that his mass movement at the base can mobilize the revolutionary leadership into greater militancy, as in Bolivia in 1952. The question is not so much whether the Indian will participate in the struggle as it is whether the revolutionary leadership will be capable of channeling this participation into revolution or back into reform and reaction.

This raises questions about revolutionary and reformist organization in the countryside as a whole – and its relation to political organization for revolution in the city, the nation, the continent, and the world.

The weakest links in the world capitalist chain have so far proved to be not in the metropolitan class structure but in the imperialist colonial structure. It is here that the Soviet, Chinese, Cuban and other revolutions took place. Where, then, in the colonial structure of the world and Latin America, are the weakest links now? What is the imperialist and Latin American bourgeoisie doing in attempts to cement these links through community development, health, education, "land reform", and other programs which, at the Alliance for Progress conference at Punta del Este, Che Guevara called the "latrization" of Latin America? How far can these programs be carried – the latest effort, for instance, is to have the Latin American military occupation forces improve their reputation in the countryside by undertaking Latin American versions of the imperialist "pacification" program in Vietnam – and what effect will they have, if not for the acceleration of economic development, in the deceleration of political development in the countryside?

If we can find the weakest links in the colonial and class structure, how do we break them? Certainly not by exhortation to fight an invisible imperialist enemy by nationalization for the benefit of "all the people"; nor by abstruse explanations to make

Wall Street or perhaps even the Presidential Palace visible in the peasant or agricultural worker hut. These will make themselves all too visible if the Latin American rural masses, or even a small part of them, move to struggle against their immediately visible oppressors of long standing, who are the local economic and political agents of the imperialist and national capitalist colonial and class structure. What allies will these popular forces have – what alliances can they previously form and on what basis – with those elsewhere in the country, in Latin America, in the world, who are in a position to support them when the Latin American and then the imperialist bourgeoisie move in to try to save their local agents and therewith the whole exploitative colonial and class structure of capitalism?

Revolutionary political organization and mobilization could benefit from Marxist analysis of the class and colonial structure of particular regions or local areas. This study cannot, of course, be undertaken abroad and in terms of general pre-conceived schema. It must be pursued by revolutionary Marxists on the spot, who participate in the political movement the study is intended to serve. But the same principle also applies to theoretical work on broader political problems. Real Marxist theory can only be produced through revolutionary political practice. And for the intellectual from Latin America and other underdeveloped countries, this also means ideological struggle.

Ideology and Marxism

The colonial and class structures generate counterparts to justify themselves, and these also reflect themselves in the social "science" used to "study" them. For revolutionaries, therefore, the battleground includes the field of ideology, as Fidel suggests. For revolutionary social scientists, the ideological battle extends to the field of social science. The preponderant ideology, including its social "scientific" component, was developed by the bourgeoisie in the metropolis for use at home and for export to the colonies. The latter, at least in Latin America, have always had some awareness of the colonialist elements of this ideology and science. Particularly during and after times of nationalist upsurge, the nationalist sectors in Latin America have attempted

to resist these colonialist elements and to develop nationalist ones in their stead. The nationalist alternatives are presented as a direct challenge to the colonial order, and as such are supposedly substantially different from the imperialist ideology and science. But since this nationalist alternative comes from the national bourgeoisie in Latin America, it reaffirms rather than challenges the class order at home. Revolutionaries must inquire how different this Latin ideology and science really is. Perhaps in the ideological part of the battleground, as well as in the political and military one, we must also – or first – combat the class enemy's ideology, in order thereby to combat this principal enemy, that is imperialism.

During the last century the principal imperialist bourgeois ideological exports have been liberalism, positivism, and now a sort of technological pragmatism or pragmatic technologism. Part of the Latin American bourgeoisie has eagerly accepted each of these, sometimes becoming more Catholic than the Pope, as the Latin American export interests did in the matter of the free trade doctrine. Some bourgeois and petit bourgeois sectors resisted the most flagrantly colonialist aspects of these doctrines, but they nonetheless accepted their essentials when they served their class interests with respect to the popular classes.

The latest ideological invasion proposes that North American "know how" and technology can solve all their problems for the people of the world, if they would only allow the North Americans to apply it without interference. In industry this means foreign investment and a higher degree of monopolization – and unemployment. In agriculture it means North American farming methods, seeds, fertilizers, farm machinery, etc. – and fertilizer and machinery production by Standard Oil and Ford. For the population this means birth control pills and drugs – and drug companies. For culture it means the "American Way of Life" through and with "mass" media, "popular" education, computerized statistical "science", etc. – all without, or rather against, any political and social revolution. The grand Latin American bourgeoisie accepts all this on a junior partner basis. The "nationalist" elements of the bourgeois and part of the petit bourgeoisie reject the "North American" part but accept the

technological part: they say they will do it themselves – and better!

The imperialist ideological offensive in the social sciences may in recent times be said to have taken two major forms, structuralism and then its degeneration into institutionalism, culturalism, or behaviorism. Structuralism long dominated economics and sociology, which claimed to analyze the market structure and the social structure. But this was – and is – either the abstract study of idealized modes of a competitive market or of a consensual society, which may refer to any possible imaginary social system ranging from a family to the whole world, but which do not explain any particular real social system. Or structuralists deal with some particular social systems, which are always local, regional, or national units that are not the determinant social whole. This abstract or concrete, but limited, "structuralism" diverts the investigator's attention away from the real world wide capitalist system, its class and colonial structure, and the history of its development, which have determined social reality in both the metropolitan and colonial parts of the imperialist system.

Recent developments in metropolitan social science, and their export to the underdeveloped countries, divert the investigator's attention still further from fundamental social and political problems and solutions. Institutionalism describes the supposed social and political institutions of bourgeois society and "democracy", as they superficially appear. Culturalism focuses on cultural manifestations of the underlying economic and social structure, and more recently even on psycho- (that is individual) cultural characteristics. Behaviorism, now rampant in political "science" and increasingly in other social sciences, advances ever more computerized techniques of rigorous statistical analysis of all sorts of social variables, without ever coming to terms with the structure and development of the social system – lest we get the idea that it requires structural change. In addition to the limitations (advantages from the point of view of the bourgeoisie) of structuralism, these degenerations permit the differentiation of the same thing and the comparison of different things: the fact that the metropolis and its colonies are part of

the same capitalist system is masked by discovering the supposedly independent existence in them of the very cultural and institutional differences that this colonial relationship creates. At the same time the discovery of superficial institutional and behavioristic similarities between capitalist and socialist countries permits the bourgeoisie statistically (that is, in apparent ideological "neutrality") to "prove" to the class it exploits that the class structure is really irrelevant – and need not be changed.

This ideology in the guise of science is today being propagated throughout the capitalist world – and even into the socialist camp – through countless channels. The enlightened elements of Latin American colonial bourgeoisie eagerly cooperate in this process today as they did in the past, while some national bourgeois elements have been attempting an ideological social scientific offensive of their own. After the bourgeois nationalist upsurge of the thirties and forties, but apparently with a cultural lag of a decade or more, these Latin American bourgeois interests established several institutions whose express purpose is the development of a nationalist scientific ideology. First and foremost among these is the United Nations Economic Commission for Latin America (CEPAL) and its more recent offspring, the Instituto Latinoamericano de Planificación Económica y Social (ILPES), both in Santiago, Chile. In Brazil it was the Instituto Superior de Estudos Brasileiros (ISEB), in Argentina the Instituto Torcuato di Tella, in Mexico the Escuela Nacional de Ciencias Políticas y Sociales of the National University (UNAM). The names of their founders, directors, and principal collaborators have become universally known in Latin American social science and even broader intellectual circles: Raul Prebisch, Anibal Pinto, Oswaldo Sunkel, Celso Furtado, Helio Jaguaribe, Gino Germani, Pablo Gonzales Casanova, etc.

Their major theses are well known: The metropolis exploits Latin America, but primarily through declining terms of trade. Thus, they complain of a colonial relationship, but they do not go on to analyze the monopolistic colonial structure and the increasing role within it of foreign investment and foreign aid, which they generally welcome, subject only to certain "safeguards". They attribute Latin American underdevelopment to

the mistaken choice of "underdevelopment towards the outside" when Latin America was finally awoken from its feudal slumber in the mid-nineteenth century. Had Latin America then "chosen development toward the inside" it would not have suffered from declining terms of trade and would have been able to industrialize. Therefore, they argue, Latin America should choose national capitalist development toward the inside now.

The obstacle to this is a small internal market, they say. Domestically, then, they advance virtually the same interpretation of Latin America as that embodied in the Alliance for Progress and enlightened structuralism: Latin America is divided into a "dual" economy and society, part capitalist and progressive and part feudal and retrograde. Land reform, tax reform, etc., and economic "planning" initiated by the progressive industrialists and middle classes would remove "feudal" obstacles and integrate the vast rural population, and especially the Indians, into the national market and society. These "scientific" ideologists argue that the rural poor are poor because they are outside the market or money economy, and that is why industrial and economic development does not proceed. They call themselves "structuralists", and they employ what they find useful in Marxist analysis and terminology – to propose reform for the structure.

But these "structuralists", who complain of metropolitan exploitation, do not observe or analyze the internal colonial structure of Latin America, through which the national metropolis sucks out of the "feudal" countryside most of the capital for its own limited industrial investment and development. Nor do these ideologists for the national bourgeoisie analyze the domestic class structure of Latin America. Instead they import the latest North American techniques for the study of "élites" and "social stratification", and their students increasingly fall prey to the new metropolitan offer to substitute objective statistical for scientific political analysis and solution of Latin American problems.

In other words, in the first place the Latin American "progressive nationalist" version of this bourgeois social science is only superficially but not fundamentally different from the imperialist

model. In the second place, the nationalist ideological offensive in the social sciences did not really begin until the economic, social, and political movement from which it came had passed its peak and had already begun to recede into history. Finally, imperialism has in the sixties begun a counter-offensive in this field as well, with the result that its behavioral "science" is increasingly neutralizing elements of the Latin American petit bourgeoisie who a few years ago were still politically progressive. In this connection it is noteworthy that imperialism is now using invitations to conference, scholarships, "joint" U.S.-Latin American "research" projects, etc., both in the United States and in its Latin American affiliates, to court precisely the left Latin American (and other) intellectuals whom it had previously shunned and persecuted.

What is the Latin American revolutionary left's response to this ideological offensive in the field of social science?

Many thousands of Latin American students and workers – among them perhaps another Fidel, Che, Camilo – are searching for scientific and political guidance beyond that offered them by the metropolitan bourgeoisie, by their Latin American followers or revisers, or by certain Marxist revisionists. Are they to be instructed and guided by the metropolitan derived "Marxist" models 14, 13, or 12 (as Fidel Castro derided them at OLAS) according to which all humanity necessarily passes successively through stages from communal communism, through slavery, feudalism, capitalism, socialism, to communism? Will these students, as well as industrial and agricultural workers, be united by theorists who tell them – no less than the national bourgeois ideologists – that Latin America is now divided in two parts, one still in the feudal stage and the other already in the capitalist stage; that a feudal oligarchy and imperialism but not the bourgeoisie are the obstacles to national development? *Latin Americans will never be led to revolution* by the principal political thesis derived from this "Marxist" pseudo-science, which at OLAS Fidel called "the famous thesis about the role of the national bourgeoisies, for example . . . how much paper, how many phrases, how much empty talk have been wasted waiting for a liberal, progressive, anti-imperialist

bourgeoisie. . . . And many people are told this is Marxism . . . and in what way is this different from catechism, and in what way is it different from a litany, from a rosary?"

This means that political necessity confronts us with an ideological task to fulfil, both to assure the firmness of the revolutionary militants, and to recruit more and more Latin Americans, especially young ones, to their ranks. We also have important theoretical work to do to complement revolutionary practice with the necessary revolutionary theory. And we need to analyze Latin American society, especially its rural regions, in order to help the popular forces in their revolutionary struggle. For that, Marxists will have to create the leading and revolutionary ideas which, as Fidel says, the Latin American Revolution needs. Ideological clarity about these problems becomes especially essential when the revolutionary movement is temporarily slowed down, because it is at that time that ideological firmness is necessary in order to resist the temptations – which the bourgeoisie always offers – to recede towards a reformist policy, suggesting for example the supposed possibility and necessity of a "democratic peace", as the PCV is doing at this time. To reach this ideological and theoretical clarity, Marxists will have to work intellectually, but not only intellectually, inspired by the example of Che, who is revolutionary first and then intellectual.

To pursue this ideological and revolutionary objective, which is the real responsibility of the Latin American intellectual, and of the Marxists especially, will mean – as Che Guevara also found – leaving the institutional bounds of the Latin American and imperialist to bourgeoisie. The Latin American intellectual – and this is true as well for the artist or writer as for the social scientist – will have to become conscious of the fact that he has been working for the bourgeoisie. He will have to realize also that, the acuter the contradictions become and the more the revolutionary process advances, the less will the bourgeoisie permit the Latin American intellectual to take advantage of its bourgeois institutions – universities, publishing houses, press, etc. – for the development of a really revolutionary Marxist theory and practice. In some parts of the continent, the hour at

which the doors of the bourgeoisie institutions close to the Marxist has already come; in the remaining parts that time will come soon. The Latin American intellectual and Marxist will have to decide if he will remain inside pursuing reformism, or outside with the people making the revolution.

NOTES

- ¹ Aldo Ferrer, *The Argentine Economy* (Berkeley: University of California Press, 1967); quotation from Spanish edition, pp. 31-2.
- ² For more detailed analysis, see Andre Gunder Frank, *Capitalism and Underdevelopment in Latin America - Historical Studies of Chile and Brazil* (New York: Monthly Review Press, 1967).
- ³ See A. G. Frank, "The Development of Underdevelopment", in *Monthly Review*, Vol. 18, No. 4 (New York: September 1966).
- ⁴ See Frank, *ibid.*
- ⁵ Miron Burgin, *The Economic Aspects of Argentine Federalism 1820-1852* (Cambridge: Harvard University Press, 1946), p. 234.
- ⁶ Burgin, *op. cit.*, p. 81.
- ⁷ Rosa Luxemburg, *The Accumulation of Capital* (New York: Monthly Review Press, 1964), p. 438.
- ⁸ John Kenneth Turner, *Mexico Barbaro* (Mexico: Ediciones del Instituto Nacional de la Juventud Mexicana, 1964; originally published in English, 1908).
- ⁹ Ramiro Guerra y Sanchez, *Sugar and Society in the Caribbean: An Economic History of Cuban Agriculture* (New Haven and London: Yale University Press, 1964); translated from *Azucar y Poblacion en las Antillas* (La Habana).
- ¹⁰ Francisco Encina, *Nuestra Inferioridad Economica: Sus Causas y Consecuencias* (Santiago, 1912).
- ¹¹ See Frank, "Services Rendered", in *Monthly Review*, Vol. 17, No. 2 (June 1966). See also "Servicios Extranjeros o Desarrollo Nacional?", in *Comercio Exterior*, Tomo XVI, No. 2 (Mexico, Febrero 1966).
- ¹² Computed from United Nations, ECLA, *El Financiamiento Externo de America Latina* (New York: E/CN. 12/649/Rev. 1, Diciembre 1964).
- ¹³ See Lyons, p. 63.

¹⁴ See Claude McMillan, *International Enterprise in a Developing Economy: A Study of U.S. Business in Brazil*, M.S.U. Business Studies (East Lansing: Michigan State University Press, 1964), p. 205.

¹⁵ See A. E. Safarian, *Foreign Ownership of Canadian Industry* (Toronto: McGraw-Hill Company of Canada, 1966), pp. 235, 241 for all data on Canada.

¹⁶ See Harry Magdoff, "Economic Aspects of U.S. Imperialism", in *Monthly Review*, Vol. 18, No. 6 (November 1966), p. 39.