

POLITICAL AND ECONOMIC DEVELOPMENT

FIND OUT

How have economic and social problems contributed to instability in Latin America?

What were the causes and effects of revolutions in Cuba and Nicaragua?

What steps have Latin American nations taken to end economic dependence?

Vocabulary coup d'état, embargo

“**O**ur primary objective is to move from misery to dignified poverty,” declared Jean-Bertrand Aristide as he campaigned for the presidency of Haiti. A parish priest, Aristide had worked among the poor people of Haiti for years. During the campaign, he survived six assassination attempts. Aristide promised justice and openness, and he encouraged Haitians to participate in government. Haitians responded by electing him president.

Haiti, the poorest country in the Western Hemisphere, has often suffered under military rule. Aristide's election in 1990 was part of the move toward democracy throughout Latin America. Less than a year after Aristide took office, however, the military overthrew him. It took help from the United States military to return him to power in Haiti in 1994. Aristide's story illustrates the ongoing struggle for democracy in much of Latin America.

Sources of Instability

By the 1960s, Latin American nations had made little progress toward improving the lives of most of their people. Social inequality and economic hardship led to unrest and instability.

Social and economic divisions. The social class structure created deep divisions. Old landowning families and rich industrialists, who dominated society, opposed change. In rural areas, a few families owned the best farmland. Poor peasants and Indians either scratched a living from tiny plots or worked on the estates of large landowners.

As Latin American nations modernized their economies, the gap between the rich and the poor widened. In the growing cities, the middle class often allied itself with the wealthy ruling class. The urban working class, like the rural poor, had little or no education. Wages were low, and jobs and basic services were scarce.

Political divisions. Political parties reflected the social and economic divisions. Parties on the political left demanded radical change. Most leftists supported socialism. They wanted to redistribute land to peasants, nationalize industries, and improve conditions for the working class. Leftists found support among urban workers, landless peasants, students, and intellectuals.

By contrast, the political right favored preservation of the traditional social order. Rightists wanted to protect the wealth and power of landlords and industrialists. The right won support among business leaders, large landowners, and military officers.

When unrest threatened law and order, the military would often stage a coup d'état

(koo day TAH). A **coup d'état** is a revolt, usually by military leaders, against a nation's government.

Efforts at Land Reform

As Latin American nations modernized, land reform became a major issue. Reformers insisted that poverty was the result of uneven distribution of land. In Guatemala, for example, 2 percent of landowners held two thirds of the land. In Honduras, two thirds of the fertile land was in the hands of just 5 percent of landowners.

Nonetheless, only a handful of countries undertook major land reform programs. During the 1950s, Bolivia redistributed land to thousands of peasant families. At the same time, reformers in Guatemala began a land reform program. That nation's powerful landowning class resisted this effort. The United Fruit Company, which owned huge tracts of land in Guatemala, also opposed land reform. The United States branded the leftist government in Guatemala as communist and supported its overthrow.

Chile's attempts at land reform also failed. In 1969, the socialist president, Salvador Allende (ah YEHN day), increased the pace of land reform that was already underway. A military government seized power in 1973, killed Allende, and reversed most of the reforms.



A Farmer and His Sons in Nicaragua Fertile farmland is scarce in Latin America. Governments in some nations seized the land of large estate owners and gave it to landless peasants. Brazil, Colombia, and other nations used another method, opening up new land for farming.

Interdependence How might land reform help cities as well as rural areas?

In El Salvador, the "Fourteen Families" held the best land, much of it unused. Demands for land reform were a key cause of El Salvador's civil war, which raged during the 1970s and 1980s. In 1980, El Salvador divided certain large estates among some tenants who had worked the land. However, the political right kept control of the government. (See Connections With Literature, page 806, "Salvador.")

Even when successful, land redistribution solved only part of the problem. For land reform to work, farmers needed seeds, tools, and fertilizer. Otherwise, breaking up estates often caused farm output to drop.

Revolutionary Change

Protest and economic pressure forced some Latin American governments to make limited reforms. Only Mexico, Cuba, and Nicaragua, however, had social revolutions that brought basic changes. (You will read about Mexico's revolution in Section 3.)

Cuba. As elsewhere in Latin America, rural poverty, illiteracy, and unemployment fueled discontent in Cuba. During the 1950s, Fidel Castro, a young lawyer, led a handful of rebels in a long guerrilla struggle against a corrupt dictatorship. In 1959, Castro seized power and has ruled ever since.

After gaining power, Castro declared himself a Marxist and set up a one-party state. Under Castro, Cuba became a socialist nation. He took over foreign-owned sugar plantations and other businesses. These actions led to conflict with the United States. (See Chapter 23.) With aid from the Soviet Union, Castro set up state-owned farms, developed industry, and built housing, schools, and hospitals.

The costs of the revolution were high. Castro imprisoned or exiled his opponents. Thousands of Cubans fled their homeland to escape political repression and loss of personal wealth. In addition, the United States imposed a strict embargo, or complete halt to trade, on Cuba. Cuba then turned to the Soviet Union for aid and for a place to sell its exports.

When the Soviet Union collapsed in the early 1990s, Cuba lost its most important trading partner. Faced with economic chaos, Castro introduced a few minor reforms and allowed some free market enterprise. The United States trade embargo, however, hurt both the economy and the Cuban people. Doctors, for example, could not get supplies or medicines to treat patients.

Nicaragua. Rebels in Nicaragua overthrew longtime dictator Anastasio Somoza in 1979. The leftist Sandinistas, who had led the struggle, gained control of the government. Under Daniel Ortega, the Sandinistas introduced land reform, took over many businesses, and organized social programs for the poor. Their actions angered the wealthy elite.

With United States aid, the contras, or forces opposing the Sandinistas, fought a long guerrilla war against the Nicaraguan government. The war cost many lives and disrupted the economy. As the economic situation worsened, the Sandinistas held free elections. In 1990, a new government headed by Violeta Chamorro won power. For the first time in Latin American history, a revolutionary leader peacefully gave up power to the winner of a democratic election.

Since then, Nicaragua has held other peaceful elections. Yet the nation's economy remains weak after years of war. In 1998, a terrible hurricane battered the struggling country, causing further hardships.


Dictators and Democracy

During the 1960s and 1970s, the Cuban Revolution inspired leftist groups throughout Latin America. Some leftists sought power through democratic means. Others sought power through guerrilla warfare.

In almost every Latin American nation, the military and the right wing responded by seizing power. In Chile, in 1973, General Augusto Pinochet (pee noh SHAY) overthrew that nation's democratically elected president, Salvador Allende. Pinochet accused Allende, a socialist, of leading Chile toward communism. In a brutal crackdown, the military



A Coup in Haiti. After the overthrow of a dictator in 1989, Haitians destroyed his supporters' property. Until the end of the 1980s, many Latin American nations were ruled by military leaders. People in most nations were denied free elections, and democracy was weak. **Political System** Why were military takeovers common in the 1960s and 1970s?

ended freedom of speech and arrested, tortured, and murdered many citizens. ( See World Literature, "The House of the Spirits" by Isabel Allende, page 542.)

Years later, after Pinochet had given up power, he was arrested when he traveled outside of Chile. The former dictator faced charges and trial for human rights crimes.

During the 1980s, women's groups, human rights activists, and the Catholic Church pushed for democratic elections. Throughout Latin America, new leaders emerged who declared their commitment to democratic rule. Even Haiti and Paraguay, where dictators had ruled for decades, held elections. To succeed, however, the new governments first had to achieve economic growth and address basic social problems.

Economic Growth

Since the 1900s, most Latin American economies have grown, although progress

has been made at different rates. World events have had a major impact on their economic development.

Impact of World War II. During World War II, the demand for copper, wheat, beef, and other goods from Latin America soared. Latin American nations invested profits from their exports in developing basic industries. Large countries such as Mexico, Brazil, and Argentina constructed steel mills, chemical plants, and oil refineries. They also built factories to produce tools, appliances, and other consumer goods.

Economic nationalism. After World War II, a wave of nationalism led to independence movements throughout Africa and Asia. At the same time, economic nationalism grew in Latin America. Although Latin American nations had long been politically independent, they were still economically dependent on industrial nations. A major goal of economic nationalism, therefore, was to replace foreign imports with locally made goods.

To strengthen local industries, governments began to play a major economic role. They placed high tariffs on imports. Then they built and operated many new factories. They also nationalized a number of foreign-owned companies. Despite state ownership of many key industries, most Latin American governments were not socialist. Private enterprise continued alongside state-owned industry.

As industries grew, Latin American nations reduced their dependence on foreign imports. At the same time, they remained dependent on world demand for cash crops such as sugar and coffee, as well as for raw materials such as tin and copper.

Challenges to Economic Development

What stood in the way of greater economic progress? Many state-owned industries were run inefficiently and produced inferior goods. In addition, foreign-owned corporations took their profits out of the country instead of using them to improve local industries. Also, the national market for manufactured goods was small. When Latin American nations tried to sell their manufactured goods on the world market, they faced stiff competition from more efficient producers. Inflation and rising oil prices created additional problems.

Population explosion. The population boom further slowed development. Between 1950 and 1985, the population of Latin America more than doubled. Forecasters predict that it will be more than 597 million by 2010. In order to feed their rapidly growing populations, some Latin American countries must import basic foods. Governments do not have enough money to spend on schools, housing, medical care, and other vital services.

Debt crisis. During the 1980s, rising interest rates triggered a crisis that slowed development. Like developing nations elsewhere, many Latin American countries had borrowed heavily to build industries. When a worldwide recession slowed economic activity, the demand for goods fell. The nations of Latin America earned less, but they still owed huge interest payments. They had to spend as much as one third of their foreign earnings on interest payments. As a result, they had less money for new development.

Recovery. To recover from the economic crisis of the 1980s, Latin American governments lowered tariffs and encouraged foreign investment. They reduced government spending and sold state-owned industries to private investors. They also negotiated with the industrialized nations to cancel much of the debt they owed. Slowly, some Latin American nations began to make economic progress.

An Outdoor Health Clinic

This traveling medical team is providing health care for the growing population of Honduras. Honduras also is working to prevent disease by immunizing people and destroying mosquitoes that carry malaria.

Scarcity Why do rural people often lack proper health care?

