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A HISTORY OF LATIN AMERICA

VOLUME 1 ANCIENT AMERICA TO 1910



Seventh Edition



A History of Latin America

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VOLUME 1

Ancient America to 1910

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The College of Saint Rose



Houghton Mifflin Company

Boston New York

Publisher: Charles Hartford
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Printed in the U.S.A.

Library of Congress Control Number: 2002109494

ISBN: 0-618-31852-6

1 2 3 4 5 6 7 8 9-QUF-07 06 05 04 03

PREFACE



THE SEVENTH EDITION of *A History of Latin America* has two major objectives. First, it seeks to make available to teachers and students of Latin American history a text based on the best recent scholarship, enriched with data and concepts drawn from the sister social sciences of economics, anthropology, and sociology. Because the book is a history of Latin American *civilization*, it devotes considerable space to the way of life adopted at each period of the region's history. To enable students to deepen their knowledge of Latin American history and culture on their own, it includes an updated bibliography, "Suggestions for Further Reading," limited to titles in English.

The second objective of this edition is to set Latin American history within a broad interpretive framework. This framework is the "dependency theory," the most influential theoretical model for social scientists concerned with understanding Latin America. Not all followers of the theory understand it in precisely the same way, but most probably agree with the definition of *dependency* offered by the Brazilian scholar Theotonio dos Santos: "A situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subject."

Writers of the dependency school employ some standard terms that we use in this text: *neocolonialism*, *neoliberalism*, *center*, and *periphery*. *Neocolonialism* refers to the dependent condition of countries that enjoy formal political independence. *Neoliberalism* refers to the policies of privatization, austerity, and trade liberalization accepted willingly or unwillingly by the governments of dependent countries as a condition of approval of investment, loans, and debt relief by the International Monetary Fund and the World Bank. (The IMF and the World Bank prefer to give such policies the innocuous-sounding name of

"structural adjustment programs.") The term *center* is applied to the dominant group of developed capitalist countries, and *periphery* to the underdeveloped or dependent countries.

Periodically, dependency theory has come under attack from scholars, mostly North American, who announce its "collapse." The most recent announcements of dependency theory's "collapse" have been linked to the seeming triumph of neoliberal ideology and its creation, the so-called global economy. Claiming that the neoliberal tide can lift all ships, including the countries of Latin America and the rest of the Third World, and pointing for proof in the case of Latin America to such macroeconomic indicators as increased exports (often based on intense exploitation of finite natural resources and subject to sudden changes in price and demand) and large inflows of foreign capital (often speculative and volatile), these critics argue that dependency theory was basically flawed and outmoded, that its analysis of Latin America's problems has lost all meaning in today's world.

Those who reject the dependency approach typically favor one of a number of alternative paradigms for explaining Latin America's historical struggle for development. Among these scholars, modernization theory informed and dominated discussions in the United States and Western Europe in the first decades following World War II. Drawing upon their own post-war national experiences, these theorists typically assumed that "underdevelopment" and "economic backwardness" were conditions common to all societies at one time in their evolution. The key to unlocking the mystery of development, for these scholars, was to study conditions in the "developed countries" in contrast to those in "tropical" or undeveloped areas. This produced a prescription for social, political, cultural, and economic change that sought to bring the developmental benefits of modernity to all. As a

result of their studies, the modernizationists concluded that the undeveloped world suffered from a lack of personal freedom, excessive government regulation, highly politicized states, weak civil societies, a shortage of “entrepreneurial values,” and the survival of powerful “antimodern” cultural traditions that stressed cooperative communal, rather than competitive individualistic, values.

For the modernization theorists, then, Latin America’s “failure” to develop was largely a consequence of its own internal problems and its reluctance to open itself to the forces of modernity that allegedly emanated from Western Europe and the United States. Some authors even suggested that this “failure” was the product of a “distinct tradition” in Latin America, informed by a historical legacy of militarism, local political bosses (*caudillaje*), indigenous communalism, and insular Iberic Catholic culture. To combat these alleged deficiencies in the developmental experiences of Latin America, the modernizationists prescribed a bitter medicine that largely mirrored what recently have come to be known as neoliberal imperatives: dismantle state bureaucracies, reduce budget deficits, cut spending on social services, deregulate private business, privatize national resources, provide incentives to foreign investors, promote free trade, encourage entrepreneurial education, and reduce the political power of “antimodern” social sectors.

But a rapid glance at the results of over a decade of application of neoliberal therapy to Latin America’s problems suggests that in all essential respects, the area’s economic and social crisis has worsened and its dependency on the core capitalist powers has deepened. We draw upon a critical synthesis of these two intellectual traditions and emphasize both internal and external factors that have shaped Latin America’s historical struggle for development. We expose the developmentalist myths that all countries have been equally “underdeveloped” in their historical past and that the “developed countries” achieved modernity by promoting personal freedom, free trade, and unfettered foreign direct investment. On the contrary, the text unambiguously shows that European and U.S. modernity was built upon a five-century legacy of brutal conquest, enslavement, exploitation, and unequal trade enforced alternately by military and market coercion. Moreover, unlike classical dependency theorists, who emphasized transnational social forces and institutional structures of power that seemingly rendered inconsequential all forms of popular resistance, this text documents the powerful role that internal class,

racial, gender, ethnic, and interest group struggles have played in shaping the region’s development.

Unlike both classical dependency and modernizationist formulations, this text’s “revised dependency” approach also draws upon recent feminist theorization that defines women as the “last colony,” whose shared experiences, according to feminist scholars Christine Bose and Edna Acosta-Belén, include unwaged and low-wage labor, extreme poverty, and “structural subordination and dependency.” But women, like colonial peoples more generally, have not been passive victims in the developmental process. They have been active in the spheres of both production and reproduction. As producers of material wealth in Latin America, women have played a significant, but largely neglected, historical role, working endless hours without pay in household activities that have been an essential source of private capital accumulation. For example, even an inefficient colonial workforce needed certain household services—shopping, cooking, cleaning, first aid, child-rearing, washing, elder care, and so on—in order to reproduce its labor on a daily basis. If poorly paid male workers in Latin America had had to purchase these services that women—wives and daughters—freely provided, they would have had to insist upon higher wages and employers would have had to pay these higher costs out of profits.

Historically, women were largely confined to the family household, where they were responsible for reproduction, rearing, nurturing, and educating the next generation of producers. Once “freed” from these constraints to seek employment in the marketplace, however, many working-class women became doubly exploited, first as poorly paid wage earners whose collective hard work outside the home produced great value that enriched their employers, and second as traditional unwaged household labor that sustained working-class families as the bedrock of classical capital accumulation. This text both highlights the transition of women’s roles in Latin America and documents women’s demand for state regulation of market activities to protect their developmental contributions in the vital areas of production and reproduction.

Like classical dependency writers who originally blamed global markets for Latin America’s poverty and doubted the region’s developmental potential in the absence of socialism, we conclude that market expansion has created economic growth at the expense of development. But unlike these classical dependency theorists, we stress the key role of popular social movements in taming markets, restraining

inequities produced by their unregulated activities, and transforming them into agents of development. Contrary to modernizationists who argued that market expansion was key to development, this text shows that markets in and of themselves have been far less important than how they have been regulated. The specific nature of these regulations, in turn, has been shaped by historical struggles. In socialist Cuba, for example, the expansion of market activities since the collapse of the Soviet Union and its global trading partners has had a decidedly different developmental impact than it has had in neoliberal Argentina or Peru. Similarly, global markets have been regulated differently in Chile, Venezuela, and Brazil, with correspondingly different developmental impacts. Our text documents these conclusions in historical detail, but here we present a few telling facts that underline the general collapse of the neoliberal, modernizationist model and simultaneously reinforce the relevance of our revised dependency perspective.

First, since the early 1980s, when neoliberal orthodoxy emerged as the dominant paradigm for promoting development in Latin America, this region, in effect, has subsidized wealthy industrial nations. During this period, Latin American nations claimed smaller shares of the world's income as the U.S. share grew. According to the *Atlas of Global Inequality* compiled at the University of California at Santa Cruz, the national income of the United States as a percentage of the global mean average national income doubled between 1980 and 1999, while it declined for every single Latin American country, with two types of exceptions: those countries like Haiti and Honduras, whose national incomes in 1980 already ranked at the lowest level, and those like Panama, Colombia, and the Dominican Republic, whose rank remained unchanged. According to Mexican economic historian Carlos Marichal, since 1980 Mexico alone has paid almost \$300 billion in foreign debt service on an original loan of \$100 billion.

Second, poverty and inequality within each of the countries in the region either have remained stubbornly high or have grown. Recent estimates in 2002 suggest that more than 200 million Latin Americans live below the poverty line. Even the World Bank, a relentless and enthusiastic champion of neoliberalism, acknowledges that its prescription for national development has not solved the problem of poverty, which it conservatively estimated at affecting 159 million people in 1998, an increase over the 1987 figure of 148 million. Extreme poverty,

according to the Economic Commission on Latin America, grew even more steadily from 36 million people in 1980 to 74.5 million in 1995. Even more significant than this decade-long growth in poverty was the stark inequality that the World Bank reported in its *World Development Indicators* for 2002: on average, the poorest 20 percent of the region's population received only 3.5 percent of their country's income, while the richest 10 percent claimed 40 percent of their nation's wealth.

Third, the region is more dependent on foreigners than ever before in its history. External debt in 1980 almost doubled from \$257.3 billion to \$475.4 billion in 1990, and then it grew by another 70 percent to \$813.4 billion in 1999. During the same period, debt service as a percentage of revenues from exports increased dramatically from 34.4 to 41.8 percent, which meant that out of every \$1 earned in export sales, Latin America sent 42¢ to foreign bankers. Foreign export trade dependency also grew. From 1980 to 1990, Latin American exports grew at 4.3 percent per year, but they rose to 15 percent per year in the decade ending in 2000. Moreover, the export-oriented nature of neoliberal development strategies reinforced the region's traditional reliance on a few largely agricultural and mineral raw materials. With the exception of Mexico, all Latin American nations depended on one or two products for 40 percent of their export revenues. Reliance on foreign imports also increased faster than export growth, rising from an average annual rate of 2.1 percent in the 1980s to 17.3 percent in the 1990s. The resulting trade imbalances, combined with other hidden costs of trade, produced dramatically larger deficits in Latin America's current account balance, which skyrocketed from \$1.1 billion in 1990 to \$46.8 billion in 2000.

Fourth, unemployment, underemployment, and precarious, low-income "informal sector" employment all increased steadily throughout the region, making it virtually impossible for working families to subsist on a single income. Even the World Bank's conservative official estimates show that regional unemployment grew each year from a low of 6 percent in 1990 to a high of 9.2 percent in 1999. Moreover, neoliberal policies that increased unemployment forced women to enter the wage force at significantly higher rates, to prevent their families from falling below the poverty line. By 1995 women constituted 44.5 percent of the paid labor force. Women who were not heads of households contributed from 25 to 35 percent of household income. But the number of female heads of households also

rose by 2 to 5 percent throughout the 1990s, and these women, according to a 1995 ECLA report, "experience higher rates of unemployment, lower numbers of hours worked, lower salaries and greater difficulties in entering the market than do male heads of household."

Fifth, political violence and disillusionment with democracy have grown dramatically, along with popular disrespect for politicians who preach electoral populism and practice neoliberal governance. According to a respected Chilean public opinion pollster, *Latinobarómetro*, popular support for democracy over the past five years has declined in every country except Mexico. In Argentina, it fell from 71 percent in 2000 to 58 percent in 2001; in Venezuela, support declined only modestly from 61 to 57 percent, in part due to the popularity of Hugo Chávez, the populist paratrooper elected to the presidency in 1998. More people now trust the military (39 percent) than political parties (19 percent), parliament (22 percent), or the judiciary (26 percent). Even more striking, the percentage of people who feel trust in their fellow citizens has fallen steadily in every country except Mexico and Nicaragua.

Sixth and finally, these changes were not the result of economic recession but occurred in the context of substantial economic growth largely fueled by the region's close ties to U.S. markets, which experienced a decade of unprecedented prosperity. With the exception of significant declines in 1994 and 1997, Latin America benefited from a decade of generally strong global economic expansion. After a comparatively anemic increase of 43 percent from 1980 to 1990, the region's average gross national product nearly doubled from 1990 to 2000. Perhaps the most striking of these facts is this: dramatic economic growth in the 1990s bequeathed a legacy of social inequality and political disenchantment.

Meanwhile, the deepening Latin American dependency has assumed a more sinister form. The drug traffic to the United States and Europe has virtually become the life support system of the economies of Bolivia, Colombia, and Peru, and its influence, as recent revelations show, has reached into the highest levels of officialdom in countries like Colombia and Mexico. Another symptom of growing dependency, directly linked to the impact of neoliberal policies on the Mexican economy, is the swelling flood of illegal immigrants seeking to cross the U.S.-Mexican border and the violence inherent in U.S. policies designed to prevent this immigration, such as Operation Gatekeeper. According to a study by the

University of Houston, "Death at the Border," from 1993 to 1996 nearly 1,200 immigrants died while attempting to cross the U.S.-Mexican border. In the light of these and other compelling facts, it appears that dependency theory continues to have a large relevance for Latin America. It remains, in the words of Professor Peter Evans, "one of the primary lenses through which both Latin American and North American scholars analyze the interaction of classes and the state in the context of an increasingly internationalized economy."

A number of events provides compelling evidence of a crisis of the "global economy" project and the neoliberal theory on which it rests. An economic storm, beginning in the Far East in 1997, left the economies of Indonesia, South Korea, and other "Asian tigers" in ruins, spread to Russia, and deeply affected Latin America. Countries such as Brazil, Argentina, Chile, Venezuela, Mexico, and Colombia, which had commercial ties with Asian markets, suffered sharp declines in the prices of their raw material exports. Michel Camdessus, the IMF's managing director, himself described the situation as "the crisis of a system." The famed financier George Soros proclaimed "the crisis of global capitalism." The board of directors of the International Forum on Globalization drew its own conclusion: "After more than 50 years of this experiment, it is breaking down. Rather than leading to economic benefits for all people, it has brought the planet to the brink of environmental and social catastrophe. The experiment has failed" (*New York Times*, Nov. 24, 1998).

In the early twenty-first century, a growing popular movement in the region appeared to share this assessment. Argentina's economy, which never really recovered from the 1997 global crisis, unceremoniously collapsed in 2001, unleashing wage reductions of more than 20 percent, unemployment rates that approached 25 percent, unprecedented poverty, rapidly rising prices, and a torrent of general strikes, urban riots, and looting that forced a succession of presidents to resign. To stem the hemorrhaging, a new interim president, Eduardo Duhalde, denounced his predecessors' free-market policies and pledged to create a "new model" of development based on an "alliance between labor and domestic industries." Although less violent, Peruvians likewise protested the neoliberal reforms implemented by Alejandro Toledo, the nation's first president of indigenous descent, who received a Ph.D. in economics from Stanford University. General strikes and weekly protests against Toledo's efforts to privatize state com-

panies led to rapidly deteriorating popular support, which, according to the Peruvian pollster *Apoyo*, plunged to less than 14 percent in 2003. Brazilians similarly endorsed a new strategy for development. The perennial candidate of the democratic socialist left, Lula da Silva, who had consistently resisted the neoliberal agenda during the 1990s, won a landslide victory in the 2002 presidential elections with 61 percent of the vote. In Ecuador in the same year, a coalition of workers, women, students, and indigenous peoples elected populist president Lucio Gutiérrez. In Venezuela, however, a popular movement joined forces with loyal soldiers to reverse a military coup organized and led by Pedro Carmona, wealthy businessman and president of the National Chamber of Commerce. Carmona had opposed the charismatic, democratically elected populist president, Hugo Chávez, whose efforts to redistribute national wealth alienated Venezuelan elites, international bankers, and the U.S. State Department alike.

A word about the organization of this text. In the book's planning, the decision was made to reject the approach that tries to cover the postindependence history of the twenty Latin American republics in detail, including mention of every general who ever passed through a presidential palace. Most teachers will agree that this approach discourages students by miring them in a bog of tedious facts. Accordingly, it was decided to limit coverage of the national period in the nineteenth century to Mexico, Argentina, Chile, and Brazil, whose history seemed to illustrate best the major issues and trends of the period. In addition to covering these four countries, the survey of the twentieth century broadened to include the central Andean area, with a special concentration on Peru, and Cuba, the scene of a socialist revolution with continental repercussions.

The Second Edition added a chapter on Central America, where a revolutionary storm, having toppled the U.S.-unsupported Somoza tyranny in Nicaragua, threatened the rickety structures of oligarchical and military rule in El Salvador and Guatemala. The Fourth Edition recognized the political and economic importance of the Bolivarian lands of Venezuela and Colombia by including a chapter on the modern history of those countries. The current Seventh Edition more fully integrates the discussion of the Andean and Central American regions, Cuba, and the Bolivian republics into the text's original layout. Chapters 9 and 10, for example, now examine

these nations' nineteenth-century histories, along with those of Mexico, Argentina, Chile, and Peru. Because teachers rarely have time to cover all Latin American countries in their survey classes, this organization provides greater flexibility, without sacrificing historical continuity, as instructors select those nations upon which they wish their students to focus.

To accommodate alternative course configurations, *A History of Latin America* continues to be published in two volumes as well as in a complete version. Volume 1 includes Latin American history from ancient times to 1910, and Volume 2 covers Latin American history from independence to the present.

Last, the recent history of all the countries under discussion has been brought up to date, and the rest of the book has been thoroughly revised to reflect current scholarship, particularly the respective roles of race, class, and gender in the region's historical development. Special emphasis is placed on such topics as the impact of neoliberal economic policies and the gathering revolt against them, the effects of the North American Free Trade Agreement, the growing urgency of environmental issues, the heightened visibility of the women's movement, and the significance of popular culture.

The book has also benefited from the careful scrutiny of the Sixth Edition by colleagues who made valuable suggestions for revision:

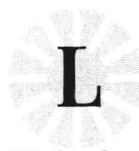
Julia E. Rodriguez, University of New Hampshire
William Schell, Jr., Murray State University
Michael Snodgrass, Indiana University Purdue University–Indianapolis
Karen Sundwick, Southern Oregon University
Ernest S. Sweeney, Loyola Marymount University

Many but not all of these colleagues' suggestions were adopted; these individuals bear no responsibility for any remaining errors of fact or interpretation. We also want to acknowledge a special debt of gratitude to Professor Asunción Lavrín who graciously shared her photo archive on Latin American feminism. We wish to recall, too, the many students, graduate and undergraduate, who helped us to define our views on Latin American history through the give-and-take of classroom discussion and the reading and discussion of their papers and theses.

Benjamin Keen
Keith Haynes

INTRODUCTION

The Geographical Background of Latin American History



LATIN AMERICA, a region of startling physical contrasts, stretches 7,000 miles southward from the Mexican-U.S. border to the tip of Tierra del Fuego on Cape Horn. The widest east-west point, across Peru and Brazil, spans 3,200 miles. This diverse geography has helped produce the distinctive development of each Latin American nation.

Latin America has two dominant physical characteristics: enormous mountains and vast river systems. The often snowcapped and sometimes volcanic mountain ranges—the three Sierra Madre ranges in Mexico and the 4,000-mile-long Andes in South America that make a western spine from Venezuela to Tierra del Fuego—form the backbone of the landmass. Nearly impassable for most of their length, these mountain ranges boast many peaks of over 22,000 feet. The mountains have presented a formidable barrier to trade and communications in Mexico and the nations of the southern continent. Not only do the mountain ranges separate nations from each other, but they divide regions within nations.

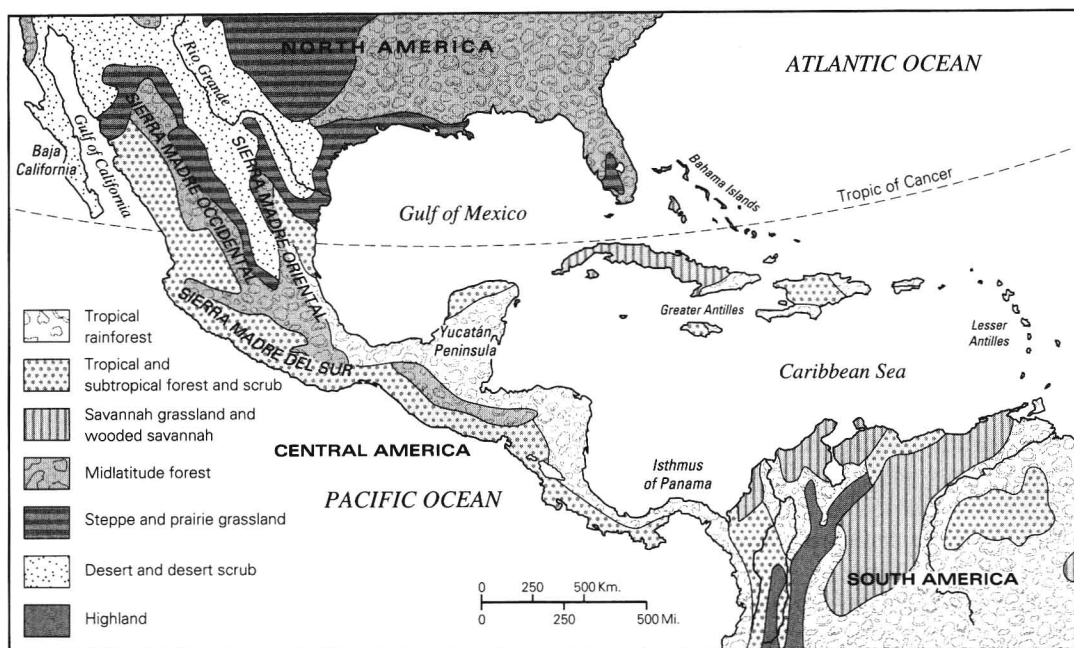
The enormous rivers most often lie in lightly populated areas. Three mammoth river systems (the Amazon, the Orinoco, and the Río de la Plata) spread over almost the entire South American continent east of the Andes. The size of the Amazon River Basin and the surrounding tropics—the largest such area in the world—has posed another impediment to the development of transportation and human settlement, although some rivers are navigable for long distances. Only with the advent of modern technology—

railroads, telegraph, telephones, automobiles, and airplanes—has geographical isolation been partly overcome, a condition that has helped create markets and forge independent states.

Latin America encompasses five climatological regions: high mountains, tropical jungles, deserts, temperate coastal plains, and temperate highlands. The first three are sparsely populated, while the latter two tend to be densely inhabited. With the exception of the Maya, all the great ancient civilizations arose in the highlands of the Andes and Mexico.

The varied climate and topography of South America, Mexico, and Central America have helped produce this highly uneven distribution of population. Three notable examples—the gargantuan Amazonian region of mostly steamy tropical forests and savannah, the vast desert of Patagonia in southern Argentina, and the northern wastelands of Mexico—support few inhabitants. In contrast to these inhospitable regions, a thin strip along Brazil's coast, the plain along the Río de la Plata estuary in Argentina, and the central plateau of Mexico contain most of the people in these countries. Thus these nations are overpopulated and underpopulated at the same time.

In western South America the heaviest concentration of people is found on the inland plateaus. None of the major cities—Santiago, Chile; Lima, Peru; Quito, Ecuador; and Bogotá and Medellín, Colombia—are ports; there are few good natural harbors on the west coast. In contrast, in eastern South America the major cities—Buenos

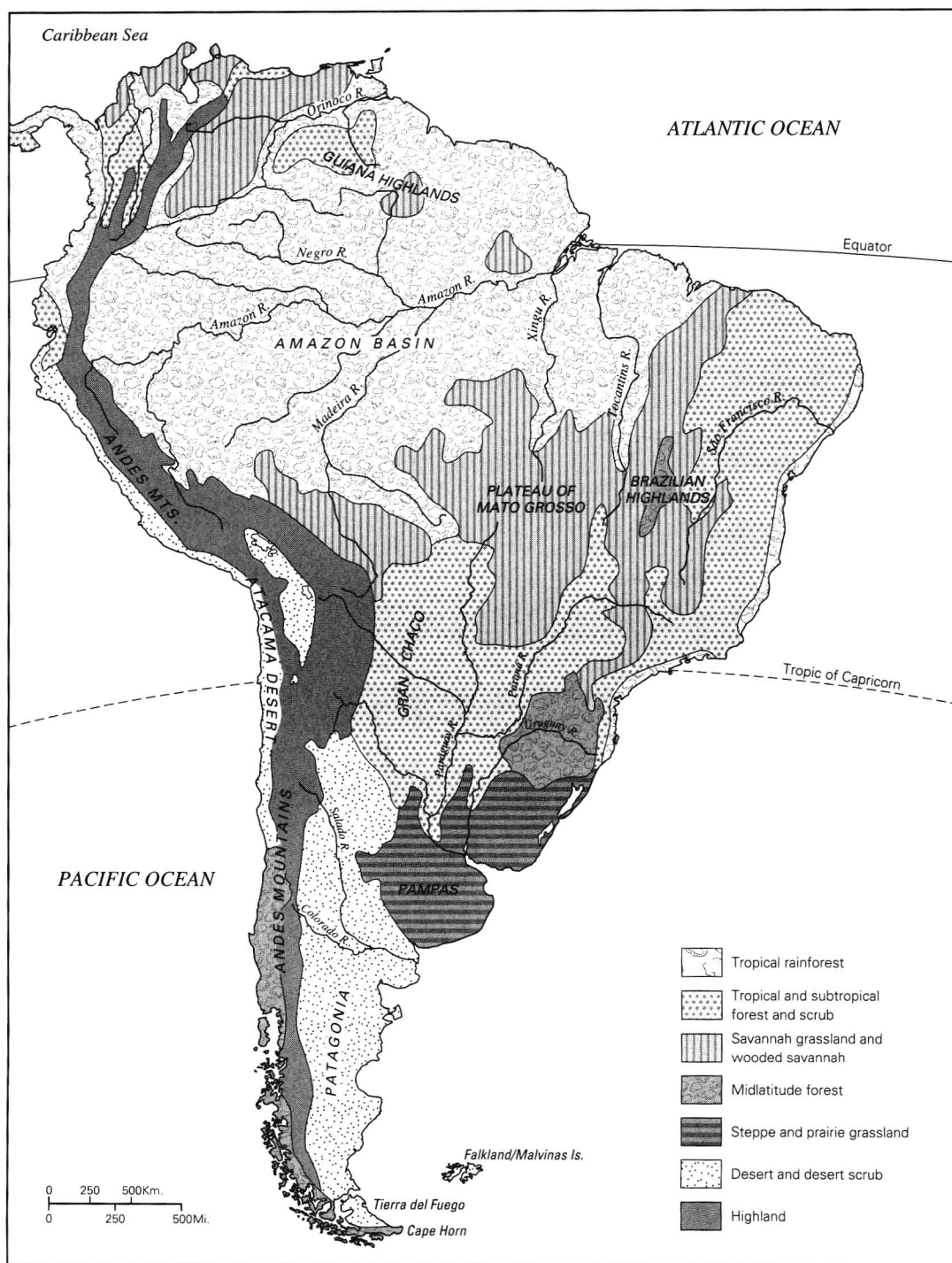


The maps on these two pages form an overall picture of the natural geographical features of Latin America: Middle America (*above*), composed of Mexico, Central America, and the Caribbean region; and South America (*next page*).

Aires, Argentina; Montevideo, Uruguay; and São Paulo—Santos, Rio de Janeiro, Bahia, and Recife, Brazil—are situated on the Atlantic coast. The majority of people in Argentina, Brazil, and Uruguay reside on the coastal plains. Mexico City, Guadalajara, and Monterrey, Mexico's largest cities, are inland. Almost all these cities have a population of over 1 million, with Mexico City, the largest, having over 20 million.

The number of waterways and the amount of rainfall vary greatly from region to region. Mexico has no rivers of importance, while Brazil contains the huge Amazon network. Lack of rain and rivers for irrigation in large areas makes farming impossible. Barely 10 percent of Mexico's land is fertile enough to farm; rainfall is so uncertain in some cultivable areas that drought strikes often and for years at a time. Mexico, with too little water, contrasts with Brazil, with too much. Much of Brazil's vast territory, however, is equally uncultivable, as its tropical soils have high acidity and have proved infertile and incapable of sustaining agricultural crops.

On the other hand, Latin America has enormous natural resources for economic development. Mexico and Venezuela rank among the world's largest oil producers. Mexico may have the biggest petroleum reserves of any nation other than Saudi Arabia. Bolivia, Ecuador, Colombia, and Peru also produce oil. Over the centuries, Latin American nations have been leading sources of copper (Mexico and Chile), nitrate (Chile), silver (Peru and Mexico), gold (Brazil), diamonds (Brazil), and tin (Bolivia). Much of the world's coffee is grown on the fertile highlands of Central America, Colombia, and Brazil. Much of the world's cattle have been raised on the plains of northern Mexico, southern Brazil, and central Argentina. Argentina's immense plains, the Pampas, are among the planet's most fertile areas, yielding not only cattle but sheep and wheat as well. Over the past five centuries, the coastal plains of Brazil have produced enormous amounts of sugar. In addition, human ingenuity has converted geographical obstacles into assets. Some extensive river systems



have potential for hydroelectric power and provide water for irrigation as well, as has been done in Mexico's arid regions.

The historical record shows that the richness of Latin America's resources has had a significant impact on the economic and political development of Europe and North America. The gold and silver of its New World empire fueled Spain's wars and diplomacy in Europe for four hundred years. Many scholars trace the origins of the Industrial Revolution in such nations as Great Britain and the Netherlands to resources extracted from Latin America by its colonial masters, Spain and Portugal.

Latin America's resources have affected economic development elsewhere, but how these resources have been developed and by whom and in which ways has profoundly changed the history of the nations in this area. Geography has perhaps narrowed historical alternatives in Latin America, but the decisions of people determined its development. Going back to the colonization by Spain and Portugal, Latin America's history has been marked by exploitation of its peoples and its natural resources. Imperial Spain's policy to drain the lands it conquered of gold, silver, and other

resources fixed the pattern for later exploiters. With European dominance came the decision to subjugate the indigenous peoples and often force them to labor under subhuman conditions in mines and on large estates, where many died. In the more recent era, there has been the decision to grow bananas on the coastal plains of Central America instead of corn or other staples of the local diet; this has made export profitable, usually for North American concerns, but this land use has left many, like the Guatemalans, without sufficient food. Meanwhile the uncontrolled expansion of capitalism in the area has led to an ecological crisis, reflected in massive deforestation, severe soil exhaustion, and growing agricultural and industrial pollution. These developments have contributed to rapid depletion of renewable resources, lack of clean water and air, and major epidemics of contagious diseases and other health problems.

The work that follows is a history of the development of Latin America's economy, politics, and society viewed primarily from the perspective of ordinary people, who were exploited and oppressed but who resisted and endured. It is the story of the events and forces that produced the alternatives from which Latin Americans created their world.

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