SESSION III

***Bicentennial Historical perspective***

**The Bicentennials: neither triumphalism nor pessimism**

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**1. Historical approach**

For the nations of Latin America, the road we have travelled from independence has been long and complex. Thus, it is not easy to formulate a vision that objectively captures what has happened since then. Two hundred years is an immense span when viewed from our limited perspective as individuals, though not very long from the historical perspective of civilizations, empires, forms of social organization and political models.

Today’s attitudes toward such remote facts are, of course, many and diverse. They range from the nationalist exhilaration of those who celebrate the independences as a starting point for the construction of free nations destined for great achievements, to the pessimism of those who think no real independence was achieved and that we have nothing to celebrate because the present we live in is one of poverty, inequality and political confusion. What interests us in this brief presentation, however, is not to launch complacent cheers or engage in bitter criticism. Rather, it is to summarize what happened in order to evaluate how the countries of Latin America have changed over two centuries, and the consequences for personal freedom in these lands.

History is not a tribunal by which the researcher metes out rewards and punishments. Neither is it his job to evaluate the acts of those who lived before us as if they possessed our knowledge and our own experience. Instead, history is an attempt to understand the circumstances in which decisions were made in the past, by trying to place ourselves in the environment in which individual people—with their own ideas and facing their own immediate problems—had to make decisions whose consequences they could not anticipate at the time.

When people evaluate the history of societies, two opposed and symmetrical errors are common. On the one hand is the temptation to think in terms of a strict determinism, as if distant events in time could explain what happens in the present. The researcher looks for a simple link—without a direct connection—between a present issue and circumstances that took place long ago (sometimes centuries) in a different context. They forget many of the important changes and setbacks that happened over long periods. They seek and find simple abstract similarities, interesting maybe, but empty of specific content. For example, if we find a tendency today toward *caudillo* dominance in many Latin American societies and attach it, without further analysis, to circumstances rooted two centuries ago, how then do we explain the long periods in which our societies were governed in a completely different manner?

The second error is to deny any weight or explanatory power to tradition, something that certainly—sometimes heavily—conditions what happens next in a society. It demands of those in the past the clarity we possess, now that we know the consequences of their acts. It forgets that all changes, even the most radical, must pay tribute to the past they seek to uproot once and for all through revolution. The independence leaders of our nations tried on many occasions to break with a past they wanted to bury for good by turning their back on institutions, ideas and behaviors characteristic of the colony. But in the end they had to give in to the enormous weight of inherited ways, taking solace in the achievement of only some of the changes they had dreamed of. Today, when we evaluate our societies, we must understand that it is not possible to build the world we desire, that it is not in our hands to reshape society as if it were an inanimate object, standing inert and docile before our intentions.

**2. The crossroad of Independence**

Hispanic America experienced an institutional breakdown that did not happen in the thirteen English colonies of North America or in the Portuguese colony of Brazil (for different reasons). Faced with a genuine collapse of the Spanish monarchy overwhelmed by Napoleon, Spanish-America finally broke ties with the Iberian crown and suddenly found itself before the immense task of building independent nations. After the final defeat of Napoleon in 1815, Europe was swept by a wave of renewed absolutism. With the restoration of the Bourbons in France and Spain and the increased power of Russia and Prussia, the ideas that prevailed were in frank opposition to American republicanism and British parliamentarianism. Of course, the leaders of the new Hispanic nations could not embrace the idea of absolute monarchy. It has been precisely against such government that they had fought, against the despotism of a Bourbon house that, in 1823, still laid claim to its empire.

Absolute monarchy was out of the question. So, too, was English-style constitutional monarchy. Not only was the idea alien to the traditions of these lands, no royal House was ready to assume such a gigantic task. Neither would it be possible to create a monarchy from scratch with sufficient legitimacy to take over the organization of these new nations. However, the crux of the problem (as soon would be seen) was that the values, traditions and practices developed by the thirteen North American colonies over a century were not in place. The new nations quickly bowed to the creation of republics cut more or less from democratic cloth. With only a few exceptions, the post-independence period was one of disruptive instability.

In the first years of independence a phenomenon emerged that was peculiar to these new nations. *Caudillismo* is perhaps the most primitive political system possible. It responds to the lack of a legitimate, accepted and shared institutional framework sufficiently rooted to be accepted by all political forces. The new nations found themselves unprepared to meet challenges that were complicated and decisive. Two centuries ago, there was no agreement or shared conviction about the political entity or entities that could be created under the new scenario emerging after the rupture with Spain. Ideas ranged from dreams of one great republic stretching from California to Patagonia, to the creation of small city-states. Many projects were proposed. Finally, it was the imprecise boundaries of the colonial viceroyalties, *audiencias, capitanías* or governorships that were adopted, unfortunately almost always through force.

Other substantive political issues arose: the struggle between federalist and centralist (*unitarios* in the Río de la Plata), and the classic division between conservatives and liberals, so typical of the time, which included the sensitive issue of the role the Catholic Church should play in the new nations.

For several decades almost all of Latin America suffered intense internal struggles. Countless civil wars, coups, uprisings and dictatorships further impoverished nations that lacked the minimum physical infrastructure necessary for communication and trade, and that had not developed extensive commercial ties with foreign countries because of restrictions imposed during the long colonial period.

**3. Nineteenth century liberalism**

In the middle of the nineteenth century, after a period generally dominated by conservative forces, the region turned to new ideas and new economic policies, which brought a new and more stable political model. The Liberals came to power in most countries, often after riots and internal struggles, many times violent. The characteristics of this strain of liberalism are worth noting, and are typical of the region and the period. In favor of trade with the outside world, it spurred the creation of the infrastructure necessary to develop international commerce: ports, railways, roads and so on. It also sought to boost mining, agriculture, livestock production through legislation and incentives. Nineteenth century liberalism found a poorly educated population to be an obstacle to economic and political development. It, therefore, placed great emphasis on public education and, in many cases, on policies to attract European immigrants who were more cultured and brought established work habits. Most of its leaders were strongly anticlerical. This led to the imposition of very restrictive policies against the Catholic Church, which had accumulated impressive power over the past half century, material and political as well as spiritual. Faced with this anticlericalism, the church reacted intensely to defend her social status (and privileges), which caused much instability and bitter fighting in several countries.

From the political point of view, this liberalism was highly contradictory. Its leaders clearly did not defend the principle of limited government. They were not democrats who trusted in the free play between opposing parties as they rotated political power based upon a consensus around certain key institutions. In many cases they were political or military leaders who ruthlessly eliminated all opposition. They remained in power as long as they chose and did not hesitate to use force to impose their will. Such was the paradigmatic case of the Mexico’s Porfirio Diaz. In many ways the liberalism of the second half of the nineteenth century was strongly influenced by positivist ideas, in vogue at the time. This led to a constructivist effort that focused on creating the foundations for a functioning national state without paying much attention to the political freedoms of citizens. Thus, over a long period and in many countries, Latin America oscillated between *caudillo* dictatorships (sometimes progressive, but not always enlightened) and brief periods of euphoria that placed few constitutional restraints on political freedoms. This in turn resulted in periods of chaos that led to the imposition of new dictatorships, as people sought a strongman capable of restoring order in a confusing and confrontational political landscape.

Despite such limitations, during this period the region advanced significantly both politically and economically. The trauma of the rupture with the Spanish empire was left behind for good. The building of physical infrastructure encouraged production and trade, which finally led to a stable relationship with the world market. The region exported commodities (agricultural, livestock and metals) and imported industrial goods that helped create modern societies. A significant reduction in poverty and an environment of progress (albeit limited) created a notable contrast with the previous stagnation.

**4. The crisis of the twentieth century and the new "development model"**

Latin America’s new “development model” received heavy blows from the world outside that provoked severe crises in the region. The two world wars and the Great Depression of the 1930s disrupted the international connections that had led to economic development, leading to highly conflictive situations in many cases. World War I partially halted the exchange of goods between Latin America and Europe. However, much harsher still was the effect of the economic crisis that began with the crash of the New York Stock Exchange in 1929 and soon acquired the features of a genuine and prolonged depression.

Economic difficulties—aggravated by growing global protectionism and a rapidly expanding trend to autarky—led to political changes in our region that undermined the liberal model and propelled forms of authoritarian and populist government. This was further exacerbated after the outbreak of World War II. For almost two decades the region was subjected to stresses for which it was unprepared. Where the connection to world markets had produced a period of growth and expansion able to heal old wounds and open the road to modernization, the disruption of the global market place now paralyzed much of our economic development. Even worse than the volatility of growth rates was the antagonism that arose after 1930 against the idea that economic and social progress could be achieved on the basis of free market and liberal-style democracy. In this, of course, Latin America was not an exception in the world concert.

Beginning in the mid-twentieth century, the region adopted an economic model that contrasted with the previous one in that it no longer relied on the export of raw materials and import of manufactured and capital goods. The idea of creating a broad industrial base as a prerequisite for economic development gained widespread academic respectability from the preaching of the Economic Commission for Latin America of the United Nations (ECLAC), under the leadership of Argentine economist Raúl Prebisch. The region adopted a vision of economic growth based on expansion of the domestic market (“*crecimiento hacia adentro*”) and “import substitution industrialization.” At some indeterminate future, such greenhouse industries would be able to compete in the global market. One of the tools used to promote this model was protectionism, which ultimately increased the prices of goods available and impoverished the population. Another was widespread and intense state intervention in the economy, which soon included controls on prices for basic consumer goods, interest rates, foreign exchange, and productive activity in general. State intervention did not stop there. It included subsidies of all kinds, the creation of state enterprises in "strategic" sectors, and vast increases in government employees and state spending. These were among the most direct results of a policy that, under the general concept of economic nationalism, in some cases frankly approached socialism.

As we know, the consequences were not good. A growing, out-of-control debt led to a general economic crisis in the early eighties, which (after a period of confusion) forced fiscal and economic reforms. Countries opened their economies and buried the model of economic nationalism they had followed for decades with such poor results. When compared to the economies of East Asia, our countries were falling behind, and the region as a whole was losing importance in the international arena.

**5. From the reforms to the present**

The reforms undertaken since 1980 did not reflect the adoption of a new growth model based on free markets and the rule of law. They were simply a set of contingency measures. Although positive and in many cases of a certain depth, they lacked consistency or didn’t go far enough to establish clearly a new path. They still offered up all types of privileges. These included social policies to combat poverty that transferred wealth from “rich to poor”, archaic and unenforceable labor laws, all sorts of controls, expanded state bureaucracy, and myriad restrictions on the creation of new businesses. From the political point of view, results were weak. Although dictatorships that violate citizens’ political freedoms fell by the way, no progress was made towards the consolidation of widely respected institutions. The State’s focus on the redistribution of wealth and its partial abandonment of the essential responsibilities of security and defense have weakened fragile Latin American democracies and led to the emergence of strong populist leanings. Here, most political platforms seek to create a "welfare state" similar to Europe or the United States. But because resources are so limited, they have to impose a disproportionate tax burden on economies that still need to grow at full speed in order to reduce poverty, a goal that such policies actually thwart.

The emergence of new authoritarian populisms that have spread in the region during the first decade of XXI century can be attributed in large measure to the frustration caused by the mismatch between what the state promises (as alleged benefactor) and what it actually can achieve under actual economic conditions. Populist policies hidden behind the facade of democracy place real restrictions on political and economic freedoms; this creates concealed autocratic dictatorships. Economic policy becomes regressive, especially in its broad and repeated violation of ownership rights. It invokes economic nationalism (inconsistently when compared to the past) to extend the reach of the state, impose rigid controls on private activities, and place "strategic" natural resources in the public domain.

After a period of expansion, however, the populist wave now appear to be limited to a few small- and medium-size nations (Venezuela, Nicaragua, Ecuador, Bolivia and, to a degree, Argentina). We see two reasons: a) the populist movements are based primarily on fiscal revenues that have risen with the price of commodities (the notable case of Venezuelan oil), and b) to some extent the region has developed ideological defenses that hamper the path of twenty-first century *caudillos*. While we cannot support a triumphalist vision when we assess the past two hundred years, it is impossible to ignore what has been achieved. We have overcome strong challenges and achieved goals, although not to the extent we might have liked.

**6. By way of balance**

In a long process, Latin Americans built nation-states capable of operating with certain efficiency. Fortunately, only in very few cases have these states engaged in real war. With the exception of the Paraguay, Chaco and Pacific wars, the confrontations have been minor border skirmishes with limited cost in human lives. For nearly eighty years, most of the region has been at peace, in contrast to the violent global conflicts in the rest of the world.

In general, Latin America not suffered the devastating effects of communism. The region has often tilted to the left but without reaching the extremes experienced in Europe and Asia (the exceptions are Cuba, which still maintains its oppressive regime, and Nicaragua which bore its ruinous effects for more than a decade). While communist factions and their allies have tried to sow their form of dictatorship, usually through ruthless guerrillas, such attempts have failed utterly due to rejection by the population and effective counterinsurgency policies in many countries. The worst effect of Marxist insurgency has been to destabilize the governments of the region, weakening the democratic system. In general, it led to a break with republican institutions and, in several cases, to coups and states of emergency.

Latin America’s independence came about when most of the world was ruled by a few colonial powers. After decades of internal conflict, it was able to successfully enter the international arena because it established permanent links to global markets. More than half a century of fruitful contact led to remarkable development, which reached its peak around 1930. Then, interventionist economic policies and a nationalist approach to the economy caused the region to lose its standing in the world and lag behind other countries. Only after a long and deep crisis did countries began a set of reforms that, while not complete, give some hope for the future. **The lag that still exists cannot be blamed on some vague and lasting colonial heritage, rather on specific policies and actions that removed Latin America from the path of economic growth experienced by much of humanity.** We see proof of this in the decades between 1860 and 1930, when several Latin American countries achieved sound economic growth and (in certain cases) political stability.

The current situation in the region is determined largely by the nature of the reforms that were carried out at the end of last century. They were not a complete failure, as the socialist left claims, because they have brought economic stability. Thanks to fiscal policy and low inflation Latin America has avoided the difficult economic situation faced today by many rich nations. But the reforms have been insufficient to give a new face to the region. Our nations have yet to embrace economic freedom resolutely, nor have they created strong political institutions capable of overcoming the temptations of new authoritarianisms. Unlike under the dictatorships of the past, we have relied on democracy. But it has been a volatile democracy, attached more to the whims of the majority than to respect for the republican ideals of checks and balances between powers, and respect for individual rights and liberties.

In the end, we must insist on strengthening republican institutions to prevent the concentration of power, provide guarantees for minorities, and instill a lasting respect for the life, property and freedom of all citizens. We need to remove controls and restrictions that prevent us from competing in a global environment where new technologies and human ingenuity continually challenge us. We must demystify the state and return it to his role, not as some opaque machinery that vainly tries to achieve social and economic equality, but as a guarantor of the order and security we all need to live and prosper in peace.

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