
Book Review

Genocide is not a state of mind

by Peter Rush

Underdevelopment Is a State of Mind, the Latin-American Case

by Lawrence E. Harrison

Madison Books, U. Press of America, 1988
210 pages, paperback, \$9.95

Lawrence Harrison, late of the U.S. State Department's Agency for International Development (AID), has written an apology for a century of malignant U.S. and European economic domination of Ibero-America, dressed up in the guise of a "theory" of development. Superficially combining crankish psychologizing with facile glosses on Ibero-American history, Harrison has produced a propaganda tract on behalf of the effort of the international banking community, and their ideological hangers-on, to induce Ibero-American society to conduct itself quietly to the gas chambers.

Since the late 1970s, an operation has been afoot to reverse the nationalist economic policies that have characterized most Ibero-American states for the past half century. This operation was announced in *Alternatives to Monetary Order*, by Fred Hirsch, published in 1977 by the New York Council on Foreign Relations' "1980s Project," in which nationalist policies, alternately called "Gaullist" or "mercantilist," were strongly attacked. By the 1980s, the effort to create strong factions within Ibero-America opposing this policy approach bore fruit, notably in the De la Madrid administration in Mexico, and also in the creation of Ibero-America-based institutes, "think tanks," and other organizations dedicated to advocating the "free market" as the solution to Ibero-America's economic problems.

In 1982, the bankers lowered the boom on every country in the continent, suddenly refusing to lend any more money. Within a year, countries like Mexico and Brazil halved their imports and began exporting large quantities of net capital to pay interest on debts largely acquired to finance flight capital, while imposing severe austerity at home that has only gotten worse in the intervening years. The bankers, and their agent, the International Monetary Fund, demanded the full gamut

of austerity policies, from cutting investment budgets to lowering wages, selling off state sector industries and opening up foreign trade to unrestricted imports, while focusing on exports to the exclusion of domestic development needs.

In tandem, the movement launched by the 1980s Project, which, since the 1981 congressional funding of the National Endowment for Democracy has come under the name of "Project Democracy," pushed the "free market," "liberalization," "private initiative," and the "informal economy" against the dirigism of "mercantilism" and protectionist policies.

Harrison's book is part of this propaganda assault. It is a tendentious attempt to find in the Catholic religion and Spanish culture the alleged "cause" of the region's underdevelopment, in explicit rejection of the thesis that baleful colonial and post-colonial influences from abroad, notably Spain and England and, later, the U.S., had much to do with the region's failure to develop. The book was published under the auspices of Harvard University's Center for International Affairs, run since the 1970s by top Project Democracy operative Samuel Huntington, whom Harrison singles out for particular thanks for his comments on the manuscript. Others mentioned favorably in the acknowledgements include State Department Ibero-America specialist Luigi Einaudi, fanatic "free-market" columnist Georgie Anne Geyer, theologian and writer Michael Novak, and Venezuelan journalist Carlos Rangel. The latter two have also singled out the Catholic Church for blame for economic backwardness, and Rangel, quoted at length in the book, reciprocates on the book jacket with effusive praise for Harrison's exposition.

The thrust of Harrison's thesis is that Ibero-America has always had an "authoritarian," stultifying, collectivist culture, unconducive to the growth of capitalism—a cultural matrix purportedly fostered by the Catholic Church, and imbedded in Spanish, Mediterranean culture. An early chapter is devoted to citations from various "authorities"—starting with Max Weber and his turn of the century tome *The Protestant Ethic and the Spirit of Capitalism*—collectively stating all the "theoretical" points Harrison uses later. From Carlos Rangel he quotes, "Latin America's history bears witness to the failure of Catholicism, in contradistinction to Protestantism, or at least to the defeat of the Catholic ethic by the Protestant ethic, which shaped the development of the United States."

In his last chapter, he sums up his argument: "In the case of Latin America, we see a cultural pattern, derivative of traditional Hispanic culture, that is anti-democratic, anti-social, anti-progress, anti-entrepreneurial, and, at least among the elite, anti-work. . . . One can disagree with some of Weber's analysis and ideas, but it seems to me apparent that Protestantism in general and Catholicism in particular have played a role in the success of many industrialized nations. . . . It also seems to me that traditional religions (including Catholicism), while they may help people endure

lives near the margin of survival, often do stand in the way of a progress their adherents earnestly desire.”

This view of Spanish Catholicism has been the stock ideology of the imperialist U.S. ruling elite since Teddy Roosevelt. In 1912, Roosevelt, who initiated a third of a century of military interventions into Ibero-America, commented that “the assimilation of the Ibero-American countries will be long and difficult as long as those countries continue being Catholic.” Then Nelson Rockefeller—whose family ran portions of Ibero-America as a virtual private fief for decades—recommended replacing Catholicism with Protestantism in a 1969 speech in Rome. In the 1970s and 1980s, certain circles in the U.S. have fostered the spread of nominally Protestant cults, such as the cult that put Rios Montt in power for several years in Guatemala, in their continuing effort to erode the predominance of the Catholic Church in the region.

Precisely this effort is also central to Project Democracy, as made clear by Elliott Abrams’s 1987 State Department Special Report #158. Abrams, a former American Enterprise Institute hack and Project Democracy operative, who became Reagan’s Assistant Secretary of State for Inter-American Affairs, wrote in Report #158, “The pervasiveness of hierarchical structures with deep historic and cultural roots created authoritarian habits” which “must be overcome” in Ibero-America. To do this requires “forcing religious and military institutions—the cross and the sword” of the Spanish conquest and key pillars of traditional order ever since” to yield to “new values and organizational diversity.”

The Church and military represent the two primary institutions presently or potentially opposing IMF austerity and debt looting. Harrison, of course, lines up with the IMF. In a July 22, 1988 *Washington Post* commentary on Mexico, he fully backed what he called President De la Madrid’s “economic glasnost”—the stock IMF prescriptions for “opening up” the economy—which he characterized as “unleashing the forces of economic pluralism.” In reality, the De la Madrid “reforms” put tens of thousands of businesses out of business since the latest economic program of December 1987, credit is all but unavailable and very expensive, and Mexican capitalism is being strangled, not “unleashed.”

The Catholic Church has put itself at the forefront of those demanding that people come before debt. In repeated writings, most notably his 1988 *Sollicitudo Rei Socialis* encyclical, and speeches during numerous trips to Ibero-America, Pope John Paul II has stressed these themes, and the Catholic Bishops’ Conferences in many countries have done likewise in their national contexts. That Elliott Abrams, the IMF, and the leading creditor banks privately detest the Pope and the Church for this intervention is well-known. Lawrence Harrison is their self-appointed hatchetman. He has already had Portuguese and Spanish language translations made of his book, anticipating a major push to promote it.

Bogus ‘cultural’ argument

In the opening chapter, Harrison says that years of observation have convinced him that “it is culture that principally explains, in most cases, why some countries develop more rapidly and equitably than others.” By culture, he says he means “the values and attitudes a society inculcates in its people through various socializing mechanisms, e.g., the home, the school, the church.” (p. xvi). He thus lines up with a long-discredited school of sociologists, including Max Weber and one David McClelland, among others, who argue that capitalism was historically “caused” by the underlying cultural values of a population (“population” being the sociologist’s jargon to avoid talking about people or citizens). Harrison apparently wants to eat his cake and have it, too, for the mid-portion of the book is devoted to praising what he calls the relative success of Costa Rica, the Dominican Republic and Bermuda, and also Brazil. He writes, “Thus, the Dominican economic miracle [under Belaguer 1966-78] is not unlike that of Brazil, which experienced similarly high growth during the same period, also principally as the result of a successful economic strategy.” (p. 74). But, if all that is needed to overcome the supposed deleterious effects of “culture” is a “successful economic strategy,” then the only interesting question is how to bring countries to adopt such strategies; the “cultural problem,” he seems to concede, then will take care of itself.

What about this strategy he refers to? “In Brazil’s case, the strategy emphasized exports, and although the Brazilian economy has cooled off notably in recent years, its export orientation is likely to serve it well in the future—as have similar strategies in Korea, Taiwan, Hong Kong, et al. over more than two decades.” Harrison’s ignorance is astounding. The growth period he refers to, during the 1970s, was based on very heavy borrowing for large-scale development projects, heavily tariff-protected heavy industry development, and exports in the context of an inward-turning development strategy. This was altered after the banks lowered the boom on borrowing in 1982, and Brazil only then adopted the strategy referred to by Harrison, and far from having merely “cooled notably,” the Brazilian economy has gone into unrelieved crisis, with real incomes much lower than five years ago, inflation exceeding 1,000%, and social unrest about to explode. The export orientation has been an abysmal failure by any standard but one, the servicing of the debt, which has been made possible only by a huge balance of trade surplus. Mexico likewise has “successfully” turned to exports, with the results mentioned above. So much for facts.

Perhaps inadvertently, Harrison gave the real game away in the above quoted passage: The policy desideratum in his view, universally applicable to all Ibero-American countries, is . . . two, three, many Hong Kongs: export, based on light industry assembly plants such as now blanket Mexico’s northern border with the U.S. He apparently mistakenly believes this is what Brazil has done. But the “Hong Kong-

ization" approach, again, is nothing but the reflex "program" of the Project Democracy crowd, along with pushing the "informal economy" of tiny producers, micro-shops, street vendors, and drug pushers, as championed most forcefully by Peru's Liberty and Democracy Institute, run by Hernando de Soto. Incidentally, Harrison is also wrong about Taiwan and Korea—while they did focus on exports, they did so in the context of strong protectionism, a policy of satisfying internal demand as well, and a move to heavy industry at an early stage of development, none of which coheres with Project Democracy's standard nostrums.

The oligarchist problem

What is true is that Ibero-America has not developed on the model of, say, North America, for historical reasons. "Culture" is a factor, but, as Harrison himself clumsily lets slip, not an active one. What must be explained in any serious analysis is why and how certain cultures changed in fruitful ways, and others did not. Max Weber's assertion that culture caused capitalism, is absurd: A relative handful of enlightened individuals from many different countries over several centuries, "caused" capitalism, and also caused the changes in culture that made it possible for capitalism to catch hold and spread, which has nothing to do with anything asserted by Weber and his epigones and imitators, including Harrison.

Ibero-America is the victim not of "Spanish," much less

of Catholic, "culture," but of "oligarchic" domination. Spain in the 16th century became the home of the Hapsburg dynasty, the policeman of the counter-Renaissance (a.k.a. the Counter-Reformation, directed in part to try to stamp out the primarily Catholic Renaissance). In fact, there is not even any such thing as "the Church" in Ibero-America, because several different factions of the church, represented in different orders, from Jesuits to Dominicans to Franciscans, vied with each other, representing differing tendencies within the Church, with some actually trying to mitigate the harshness of Hapsburg rule.

Nonetheless, what emerged by the 19th century was an entrenched oligarchy in every country, mimicking the Spanish nobility, that wished to live by exporting a few raw materials and importing luxuries from the Old World. These oligarchies, in the 19th century, found common ground with Great Britain, which wanted to buy their raw materials and sell them the luxuries. The alliance of the British and the domestic, usually landed oligarchies, were enough to beat down every nascent impulse to bring modern capitalist development. Here and there, nationalist leaders who tried to industrialize were able to rule for brief periods, leaders such as Benito Juárez in Mexico and Rafael Nuñez in Colombia, and republicans in the United States tried to give them support. But, with Great Britain's influence, the oligarchies bounced back. The very "Protestant," "capitalist" states Harrison swoons over were primarily responsible for preventing economic development in Ibero-America. In the 20th century, it was the post-World War II generation led by Juan Perón in Argentina, Getulio Vargas in Brazil, and Pérez Jiménez in Venezuela, who tried to push development, by fostering state sectors and government-financed infrastructure, tariff protection, but also encouragement for private industry, as the only way to overthrow the entrenched habits of the oligarchy and a pusillanimous entrepreneurial class, and get development started. They were all deposed by combinations backed by the U.S. and replaced by governments that dismantled the thrust toward development. Harrison and Project Democracy are still working to eradicate the last vestiges of the policies of these three men, in particular.

There are probably more people in Ibero-America today predisposed to jump in and take advantage of opportunities for capitalist development, than there are in the United States, with its youth burned out on drugs, rock music, moral anomie, and cultural pessimism. Harrison's vaunted "Latin cultural matrix" would prove to be no impediment at all to rapid development, if the other conditions were provided, such as available jobs, inspiring national leadership, and sufficient capital for investment, except perhaps for a minority that still lives isolated peasant existences in the Andes. Ironically, even the studies of Project Democracy darling Hernando de Soto prove that poor, culturally backward, often first-generation peasants newly moved to the cities, make excellent entrepreneurs, not at all held back by their abiding Catholicism or immersion in Spanish American culture.

The old monetary system is dead. Put it in the closet, and open the closet to horrify children on Halloween. The question is, how do we build the new monetary system?

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