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Perhaps revolutions are the reaching of humanity traveling in this train for the emergency brake. (Walter Benjamin)

Frank Vanderlip, president of National City Bank, wrote to a colleague in 1918 that, given time, “we would revolutionize the world.” Vanderlip’s comment was no idle boast. Corporate reformers like Vanderlip were transforming the United States into the first modern corporate society. And American business leaders shared a bold vision of a world remade in the image and likeness of the United States. American companies carried their technologies, social relations and ideas of unbounded material wealth and individual freedom to the far corners of the earth – giving birth to the American century. At the beginning of that process Latin Americans underwent an intense experience of American corporate culture as their region became the leading recipient of direct U.S. foreign investment. American corporations devoted hundreds of millions of dollars to revamping mining and agriculture, developing the petroleum industry and modernizing electrical and telecommunications systems. These investments spurred Latin America’s export economies to unprecedented new levels of growth, initially encouraged the expansion of small businesses, provided higher wages and benefits to workers and brought modern products and services to millions. At the same time American corporate culture’s powerful vision of a society grounded in material prosperity and individual freedom had a compelling attraction for Latin Americans. But that experience did not generate the wave of popular gratitude that Vanderlip and his associates might have expected.

In 1933 a puzzled American observer in Peru noted that “our excessive loans and the introduction of American capital for legitimate development have had the peculiar result of provoking ill will and resentment.” In 1934 a relieved American diplomat in Santiago, Chile, reported that “we are no longer conscious of Chilean mobs howling for the blood of Ameri-
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can industrialists.” The wave of demonstrations against American companies in Peru and Chile were but two examples of militant popular protests against American corporations that erupted across Latin America in the 1930s. Workers, small planters and merchants struck against the United Fruit Company in Central America. In Cuba, sugar workers occupied American refineries and formed soviets, while the employees of General Electric seized its plants and drove their American bosses from the island. The Mexican government, in response to workers’ demands, nationalized American oil companies, while mining and electrical workers denounced “American imperialism” and demanded control of their industries.

The turbulent events of the 1930s gave overt expression to a complex interaction between American multinationals and Latin American societies. Workers and segments of the middle class selectively incorporated elements of American corporate culture into their own value system. While drawn to the American promise of material abundance and American values of freedom and individual initiative, these groups resisted corporate culture’s harsher aspects. They frequently defined their resistance in nationalist symbols sanctioned by their own elites, and in terms of justice and democracy that were so much a part of the American ideal.

This study of American enterprise in Latin America addresses some of the basic issues surrounding the effects of globalizing American corporations. It explores the salient features of the culture these companies carried with them, and the responses of Latin Americans to enterprises that epitomized American corporate culture. In the process it examines how this interaction influenced Latin American societies and shaped their relationship with the United States—a relationship that prefigured the global response to American culture during the remainder of the twentieth century.

The culture which American business leaders carried overseas bore features common to capitalist development in other nations of the North Atlantic. Central to that process was rationalization—the effort to systematically organize economic life, individual human beings and nature itself to achieve maximum efficiency in production. Rationalization promoted previously unimagined levels of material output in the second industrial revolution. Entrepreneurs applied scientific knowledge directly to the production process, especially in new industries such as chemicals and electronics, and developed machines and work methods which replaced skilled workers, dramatically increased output and intensified the control which businessmen exercised over the work place. But these developments took on special significance as they interacted with certain features of American society to create American corporate culture. The second in-

2 Hal Sevier to secretary of state, Santiago, Chile, 1934, 825.6374/1229, General Records of the Department of State Relating to the Internal Affairs of Chile, RG 59, USNA.
Industrial revolution operated in a particularly receptive atmosphere in the United States, with its perennial shortage of skilled labor and its huge internal market for mass produced goods of uniform quality. American individualism, the ideal of the self-made man, a fascination with newness, and a state which had promoted private initiative provided additional fuel for the new industrialism. But these forces also unleashed dramatic changes in America. American values of self-denial began to give way to the ideals of a consumer society with its beliefs in immediate gratification and the curative effects of material goods. At the same time strict work disciplines replaced the casual work environment as timeliness became a means of regulating the lives of Americans. As workers lost control over the work place and the middle class surrendered small farms and businesses for professional careers in big business or big government, they were freed to desire and strive for consumer goods. In this consumer society individuals were free to work hard to acquire goods that would supposedly meet both their physical and psychological needs. Ultimately proponents of the new corporate culture would equate material and moral progress, branding such disparate groups as Indians and unemployed workers as savages for their failure to internalize the new ethic of hard work and acquisitiveness. Such explanations of inequality often went to extremes, giving vent to darker emotions. Scientific racism explained the subordinate position of blacks and Indians in a seemingly open competitive society as the failures of inherently inferior human beings. This complex web of material accomplishments and the blending of new and old values gave American corporate culture its distinctiveness. It was also a source of considerable opposition to the modern corporate society it was creating.

The changes unleashed by American corporate culture had highly disruptive effects on American society, uprooting both workers and the middle class from positions and relations in which they had long functioned. Perhaps most importantly the new order offered a vision of humans preoccupied with competition and consumption and ever willing to cast aside the old to make way for the new. That view was considerably at odds with values which rejected materialism and emphasized cooperation, community and tradition. As a result, small business people and community leaders initially joined workers in struggles which in effect gave expression to community resistance to an alien culture. They were struggles which American corporate culture would once again trigger as it carried its mixed messages about the human condition beyond its own shores.

At the beginning of the twentieth century American culture had achieved a unique integration of the second industrial revolution’s new scientific technology and rationalization of work relations with values that

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promoted individual achievement, a consumer society, an openness to perpetual change and a vision of unremitting improvement in the human condition. American business leaders now set themselves the task of spreading this culture overseas. Latin America became the principal target of these early efforts, given the region’s proximity and longstanding commercial linkages to the United States. Furthermore, Latin American elites had encountered considerable internal obstacles to their own efforts to achieve economic expansion and were anxiously seeking outside assistance. For U.S. business leaders, Latin America represented a familiar and seemingly friendly environment for their efforts. But popular forces in Latin America did not greet the introduction of American corporate culture with uncritical enthusiasm.

The five centuries of Latin American history that followed Columbus’ first voyage were marked by ongoing struggles over the region’s future. Spanish colonizers, and after independence their creole descendents, doggedly pursued policies designed to effectively exploit Latin America’s human and material resources for their benefit. Such determination was essential in an environment which proved far less conducive to the development of capitalism than the one in North America. Rural villages and urban guilds opposed market forces that threatened to undermine their interests, and the state played a highly interventionist role in the economy, often promoting the creation and preservation of monopolistic institutions. Particularly determined resistance developed from diverse rural communities, some dating back to the preconquest, others emerging as recently as the twentieth century. Beyond the struggle for the land which underpinned these communities, such groups fought to reaffirm idealized, and at times romanticized, community values of mutuality and cooperation. Nor were these communities grounded only in the large rural population. They also found expression in the gradually expanding urban population, particularly in the mutualism of artisans.

While these struggles over the future of Latin America sometimes found expression in violent rebellion, more often conflict took on a more subdued form as communities turned to the legislation, institutions and ceremonies of the state and the church to defend their interests and project their own vision of the future. While popular resistance and cultural expressions often took the more subdued forms of lawsuits and popularized religious festivals, the effects were unmistakable to the Latin American elite by the end of the nineteenth century.

The internal crisis for which Latin American leaders sought external solutions centered on the material productivity of their societies. Despite considerable growth in the last quarter of the nineteenth century, it was clear that their economies were reaching the limits of their efficiency. Out of the conflicts between elite development models and popular resistance there had developed a reliance on labor-repressive systems which depended heavily on coercive techniques. Such techniques led to production
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systems which utilized labor-intensive methods, employing a large, poorly remunerated and poorly disciplined workforce. State efforts to push development often resulted in an expansion of monopolistic privileges such as the continued growth of the great landed estates. Furthermore, the region’s political and judicial systems still did not encourage an individualistic competitive environment. As Latin America’s economic growth model reached its limits at the beginning of the twentieth century, the limits of the elite’s national vision were also exposed.

Although Latin American elites carried out their wars of independence against the Spanish Crown in the name of the nation, their nationalist vision was an exclusionary one. Like their North American counterparts, they had a highly disparaging view of those who resisted their version of modernization. However, for Latin American oligarchies that view encompassed nearly their entire national populations, composed as they were of Indians, blacks and mestizos. The elite did not envision most of their own people as fully equal fellow citizens, or as full partners and beneficiaries of a national development scheme. That philosophy affirmed the debased state of most of the population and thereby justified the use of force to carry out harsh economic policies. As Latin America’s economies faced their productive crises, an ever increasing portion of their national populations called into question the elite’s highly restrictive view of nationalism, and began to promote a more inclusive one which emphasized social and economic justice over order and progress. As American corporations entered Latin America to help resolve the crisis of productivity, they would be drawn into the intensifying domestic struggle and become a defining symbol for the new popular nationalism.

American corporate culture appeared to offer the solution to the dilemma of Latin American societies. From the perspective of the elite, American enterprise represented minimum costs, with a potential for maximum benefits, particularly in sectors such as electricity and petroleum with high entry costs and minimal local commitment. Even when they intruded on local interests in mining and agriculture, U.S. companies reinvigorated industries which could no longer compete internationally, offered higher wages than those available in the local economy, and at least initially provided an important stimulus to small businesses. Furthermore, American corporate culture’s promises of unprecedented improvements in material wealth and the general human condition, coupled with its stress on individual achievement, had a powerful allure for most Latin Americans. Yet that culture would also prompt an ever more overt and violent reaction from many in Latin America. Part of that reaction stemmed from the sheer enormity of the American economic presence, which appeared to threaten national sovereignty. At times U.S. enterprises infringed on specific elite economic interests. They threatened to overwhelm substantial portions of the small business class, and they caused significant dislocation and disruption for peasants and workers. Part of
that reaction stemmed inevitably from the racist perspective that often shaped American attitudes and actions toward Latin Americans. But beyond that contradictory aspect of American culture lay an even more fundamental challenge.

As a part of its promise of material progress and improvement in human welfare, American culture imposed stringent requirements for individualism, competition and an openness to change in virtually every aspect of human life. As they had in nineteenth-century America, such ideas represented a direct challenge to concepts of community, cooperation and stability in Latin America. The cult of the individual, a near obsession with the new, unquestioning acceptance of disparities created by unremitting competition, and values legitimized by functionality rather than historical precedent often posed fundamental threats to Latin Americans.

In the early decades of the twentieth century, communities of peasants, workers and small business people frequently countered American corporate culture with idealized concepts of mutuality and cooperation drawn from their own experiences. Not unlike the popular protests during America's Gilded Age, these movements rejected the intrusion of an alien culture. But unlike their American counterparts, these protesters could turn to the symbolism and rhetoric of nationalism as a central organizing theme and a powerful force to bind often disparate social elements together. Anti-Americanism offered a powerful weapon with which to assail the elite's model of national development, which depended heavily on foreign investment. Under the protective umbrella of anti-American nationalism, protesters could press an agenda protecting their own interests with a version of national development stressing social and economic justice. As the Great Depression eroded the American promise of perpetual material progress, American corporate culture became a central issue in struggles over definitions of the nation and conflicting programs for national development. Those struggles soon erupted in the radical actions of the 1930s which stunned and bewildered American corporate reformers.

The upheavals of the 1930s were only the most overt aspect of a process of encounter in which Latin Americans and American corporate reformers interacted, clashed and adapted to each other. That process was rich with complexities on both the American and the Latin American side. American companies invested in a variety of areas, from mineral extraction to agriculture to utilities. So too their levels of technology and labor intensity also varied significantly. They encountered Latin Americans not only in the work place but in the marketplace. In the latter environment those encounters ranged from the sale of canned goods to the provision of electrical services and appliances. Those factors influenced how Americans perceived and treated their hosts and how Latin Americans reacted to them. Latin Americans varied significantly in their reactions. Elites adopted an ambivalent attitude toward U.S. companies that could spur national growth but also threaten specific domestic economic interests.
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And while communities of peasants, workers and small business people often joined together to oppose American corporate culture, the component groups of these communities often had distinct agendas. It is this complex process which forms the central subject of this study. Part I examines the broad contours of the historical evolution and increasing linkages between the United States and Latin America in the century after the American Revolution. The following five parts explore the interactions between American corporations and local societies in Central America, Peru, Chile, Cuba and Mexico in the first third of the twentieth century. Those five areas accounted for 80 percent of direct U.S. investment in Latin America at the time of the Great Depression and thus provide the richest material on direct encounters between American businesses and Latin American societies.

Despite its chronological and geographical scope, this work addresses only part of the complex interaction between American and Latin American cultures. At the beginning of this century, U.S. corporations were the primary but by no means the sole purveyors of American culture to Latin America. The U.S. departments of State and Commerce, the American Federation of Labor and Protestant missions are just a few of the numerous institutions that conveyed American culture to Latin American societies. This study deals with these points of interaction to only a limited degree. So too its treatment of American corporations is confined to some of the largest enterprises in fields such as mining and electrical generation. These companies led the promotion of the new corporate culture and had the most intense and pervasive encounters with Latin American societies. Again the magnitude of the subject compelled limited treatment of smaller corporations and such important fields of endeavor as telecommunications and the film industry. Hopefully this work will encourage others to explore many of the points of cultural intersection which are only touched upon here and further test some of its theoretical themes.

Structuralist analysis has had a pervasive influence on the study of modern history. While historians differed considerably in their conclusions, they tended to frame their analysis and their debates in terms of political institutions, economic systems and social relations. This study owes much to the achievements of that structuralist approach. Yet that perspective also introduced considerable rigidity into our efforts to understand our own century. Such limitations were particularly apparent in studies of the history of Latin America and of the region’s relations with the United States.

The structuralist perspective has viewed Latin America’s development problems as products of institutional impediments to modernization such as large inefficient landholdings and flawed credit markets, or as the result of a dependent relationship with the North Atlantic economies solidified by an alliance of foreign investors and the domestic ruling class. So too political and social history has been defined in terms of class struggle
and intervention by foreign states and foreign capital. Despite its considerable accomplishments, the limits of this approach have become increasingly apparent. It is clear that Latin America is not characterized by a simple dichotomy between modern and traditional and that explanations focused on external forces underestimated the importance of internal developments. Most importantly, these theories that emphasize abstract forces minimize the role which Latin American people have played in making their own history. This problem is particularly obvious in the study of phenomena such as populism and nationalism which do not readily fall into structuralist analytical categories. As a result, earlier explanations have downplayed the role of popular forces in shaping these movements. Populism has been variously viewed as a product of popular naïveté played upon by charismatic leaders or a historical dead end, a mistaken initiative by the masses, who were then betrayed by their middle-class allies. Increasingly over the years, social historians like Herbert Gutman and anthropologists such as James Scott have demonstrated the very direct role subordinate classes have played in shaping history, and the often diverse alignments popular groups create in order to achieve their goals. This study builds on those approaches, arguing that the contemporary societies of the United States and Latin America are not merely the products of abstract forces or elites. Intense struggles among a broad spectrum of people with sharply differing views of the common good and distinct visions of the future created those societies. At the same time this work draws insight from structuralist analysis, particularly the dependency school’s emphasis on externalities. It argues that while Latin American elites had already initiated a program of modernization and popular forces had begun formulating their own vision of nationalism, it was the presence of American corporate culture with its special blend of advanced technologies and values stressing perpetual change and individualism which gave added impetus and a unifying theme to Latin America’s nationalist populist movements in the 1930s. In examining the interplay of domestic popular initiatives and external influences, this study offers a new approach to international relations.

In focusing on American corporate culture, this work seeks to move beyond our traditional understanding of international relations as interactions of nation states and intersections of economic systems. While it validates the importance of government policy and economics, it offers a larger vision of international relations as the intersection of societies which conflict with and adapt to one another on a number of levels. These political, economic and social interchanges are imbued with meaning by the human beings who undertake them. Through these actions people convey personal values and social norms, their perceptions of the past and their visions of the future. These complex interchanges of material conditions, values and visions lie at the heart of international relations. In at-
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tempting to understand them we can begin to understand the roots of our contemporary global society.

This work sheds new light on an aspect of international history long considered the preserve of economic historians and international relations experts. It seeks to broaden the perspectives which these specialists have offered, to reveal a process far more complex and far more human than trade and investment statistics or theories of international politics would suggest. This work also has much to tell about the notable figures who shaped giant American corporations and some of the powerful individuals who dominated Latin American societies. But that is only a small part of the story. In both North and South America, the people who farmed the land, worked the factories and tended shops played the central role in shaping their own societies and defining the terms of engagement under which two distinct cultures encountered each other. In a very real sense it is the story of how the people of the Americas made their own history.
PART I

Merchant republic to corporate empire