

## Coffee and Class: The Structure of Development in Liberal Guatemala

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**D**URING the nineteenth century the raw material and market demands of the industrial revolution generated fundamental structural changes within the newly independent Latin American republics. Conflict between Enlightenment ideals and Hispano-traditionalism gave way gradually to a general agreement among segments of the elite—producers of new bulk export crops, their adjunct commercial sectors, and reformist caudillos—on the desirability of national development. The Liberal governments established after mid-century were largely a product of this emerging consensus.<sup>1</sup> But what is perceived as development is ideologically determined by the apparent interests of a group, class, or individual. The dominant ideology of these new Liberals, usually labeled vaguely as Positivism, consisted of an amalgam variously compounded in the light of local circumstances of popularized Comtean dogmas, racist interpretations of Social Darwinism and postulates of Free Trade. National progress, the Liberals proposed, demanded not simply political constitutionalism but the transformation of material life to admit as rapidly as possible such visible characteristics of North Atlantic civilization as railroads, export industries and a “modern” working class. By using a revamped state apparatus to implement measures and neutralize opposition, a “semi-parliamentary

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1. Stanley J. Stein and Barbara H. Stein, *The Colonial Heritage of Latin America* (New York, 1970), pp. 123–186; Fredrick B. Pike, “Aspects of Class Relations in Chile, 1850–1960” in James Petras and Maurice Zeitlin, eds., *Latin America: Reform or Revolution* (New York, 1968), pp. 202–219; Edelberto Torres Rivas, *Interpretación del desarrollo centroamericano* (San José, 1971), pp. 59–108; Carlos Guzmán Böckler and Jean-Loup Herbert, *Guatemala: Una interpretación histórico-social* (México, 1970).

government" could promote the technological modernization of "labor repressive [export] agriculture"<sup>2</sup> without obvious threat to existing social or power structures. Within the context of Guatemala this paper will explore the Liberal concept of development, the means utilized in its pursuit, and the long-term significance for the nation.

For most of the post-conquest period Central America had suffered an unstable alternation between subsistence farming and short-lived local booms incapable of supporting sustained growth.<sup>3</sup> Though the Captaincy-General was from the outset integrated into a "world capitalist system,"<sup>4</sup> subsistence and feudal<sup>5</sup> production dominated the local economy. The area lacked such heavily capitalized, if not capitalist, enterprises as the Caribbean plantations or Andean mining. Indigo and cochineal, the only major exports to develop before the mid-nineteenth century, had extremely restricted impacts on both land use and labor patterns.<sup>6</sup> But in the 1830s and 1840s planters in Guatemala's western highlands, following Costa Rican experiments, began successfully to plant and export a new crop, coffee. Their initial efforts were ignored or opposed by the Consulado de Comercio in the capital.<sup>7</sup> A government-sanctioned clique of monopoly merchants, the Consulado preferred to continue to deal primarily in the

2. Barrington Moore Jr., *Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World* (Boston, 1966), pp. 437-438.

3. Murdo J. MacLeod, *Spanish Central America: A Socioeconomic History* (Berkeley, 1973), pp. 374-389.

4. Immanuel Wallerstein, "The Rise and Future Demise of the World Capitalist System: Concepts for Comparative Analysis," *Comparative Studies in Society and History*, 16 (Sept. 1974), 387-415.

5. I use this much-disputed term in the sense Ernesto Laclau gives it in "Feudalism and Capitalism in Latin America," *New Left Review*, 67 (May-June, 1971), 28, when identifying the "feudal mode of production": "Feudalism does not mean a closed system which market forces have not yet penetrated, but a general ensemble of extraeconomic coercions weighing on the peasantry, absorbing a good part of its economic surplus, and thereby retarding the process of internal differentiation within the rural classes, and therefore the expansion of agrarian capitalism."

6. Valentín Solórzano F., *Evolución económica de Guatemala* (Guatemala, 1963), Chapters 10-13; Robert Sidney Smith, "Indigo Production and Trade in Colonial Guatemala," *HAHR*, 39 (May 1959), 181-211; Manuel Rubio Sánchez, "La grana o cochineal," *Antropología e historia de Guatemala*, 13 (Jan. 1961), 15-46.

7. Ralph Lee Woodward, Jr., *Class Privilege and Economic Development: The Consulado de Comercio of Guatemala, 1793-1871* (Chapel Hill, 1966), pp. 43-51; Manuel Rubio Sánchez, "Breve historia del desarrollo del cultivo de café en Guatemala," *Anales de la Sociedad de Geografía e Historia de Guatemala*, 27 (Mar. 1953-Dec. 1954), 185.

low-volume, high-profit commodities of cochineal and indigo. The introduction after 1857 of aniline dyes, however, forced them to take a more active interest in coffee. By manipulating credit and transport these merchants were able to restrict coffee production to a level which suited existing facilities and yielded easy profits. Frustrated by blatant exploitation and by the inability and unwillingness of an insolvent government to protect or promote their interests, the western planters increasingly opposed the tottering Conservative national regime.<sup>8</sup>

The fraudulent reelection in 1869 of Conservative President Vicente Cerna, and the persecution of the losing candidates, galvanized opposition. Initial military uprisings failed, but in 1871 a small army of emigrés invaded Guatemala from the north and defeated Cerna in a series of battles.<sup>9</sup> The victors, however, soon fell out among themselves. Provisional President Miguel García Granados, an aged independence-era Liberal with long years of service in the Assembly opposition, had a vision of reform which had remained essentially political.<sup>10</sup> His support came principally from a Liberal wing of the traditional creole elite, which envisioned enlightened, oligarchic rule on the Portales model. Leader of the “radical” faction, and a prosperous coffee grower from the Mexican border, Field Marshal Justo Rufino Barrios was García Granados’ chief competitor.<sup>11</sup> Barrios enjoyed a wide following among the coffee planters of the west and south and the non-Consulado merchants in Guatemala City and the departments. The personalist appeal of this aggressive young caudillo was a major factor in bringing the “radicals” together as a group, but

8. Jorge Skinner-Kléé, *Revolución y derecho* (Guatemala, 1971), pp. 65–69. Wayne Clegem in “Change and Development in Central America,” *Caribbean Studies* 5 (Jan. 1966), 28–34 presents a more favorable interpretation of Cerna’s presidency.

9. Skinner-Kléé, *Revolución*, pp. 59–122; Mariano Zeceña, *La revolución de 1871 y sus caudillos* (Guatemala, 1898); Victor Miguel Díaz, *Barrios ante la posteridad* (Guatemala, 1935), pp. 41–102.

10. García Granados’ manifesto called for: 1) the establishment of a just government; 2) a new constitution; 3) free election of an assembly; 4) freedom of the press; 5) modernization of the army; 6) reorganization of the Treasury and the tax system; 7) modernization of public education; 8) an end to government monopolies. Jorge Luis Arriola, “Evolución y revolución en el movimiento liberal de 1871,” *Revista Alero*, IV, 36–50.

11. Jorge Mario García Laguardia, “Miguel García Granados vs. Justo Rufino Barrios,” *Revista Alero*, IV, 52–73; Miguel Díaz, *Barrios*; Casimiro Rubio, *Bio-grafía del General Justo Rufino Barrios* (Guatemala, 1935); Paul Burgess, *Justo Rufino Barrios* (Quezaltenango, Guatemala, 1946).

they shared as well the view that "political reforms could not succeed unless based upon economic and social reforms."<sup>12</sup>

A "transitional caudillo-dictator,"<sup>13</sup> President Barrios committed Guatemala to the world market system and the international division of labor implied by free trade. His administration never produced a coherent statement of Liberal ideology but drew ideas about national development from a variety of sources: personal experience as producers and shippers of agricultural commodities;<sup>14</sup> the reform programs of the Gálvez period and the Mexican *Reforma*;<sup>15</sup> and certain vulgarized dogma of Positivism and Social Darwinism current at this time among the literate elite of Latin America.<sup>16</sup> Guatemala's role in the world system was that of producer of agricultural raw materials for export, particularly coffee, in which the republic enjoyed an apparent comparative advantage. Favoring free trade but not *laissez-faire*, the new national leaders replaced the Consulado with a government Ministry of Development (Fomento).<sup>17</sup> This agency was to clear obstacles from the entrepreneurs' paths and to assist them in mobilizing their productive capacities. Enthusiasm for "modernization" entailed some lip service by both individuals and the govern-

12. *El Centro-Americano* (Guatemala), Nov. 12, 1871, p. 2. It is a mistake, however, to see in the triumph of the "radicals" a "bourgeois revolution," as have, for example, Solórzano F. in *Evolución* and Jorge del Valle Matheu in *Sociología guatemalteca* (Guatemala, 1950). "Radical" leadership sought to modify the membership and policy orientation of the national power elite; it did not intend and did not accomplish a class revolution. The reforms which the "radicals" pursued were meant to facilitate the production and export of coffee within an existing system of social and economic relations—which in Laclau's terms remained feudal—not to fundamentally revolutionize class and production structures.

13. Eric R. Wolf and Edward C. Hansen, "Caudillo Politics: A Structural Analysis," *Comparative Studies in Society and History*, 9 (Jan. 1967), 178.

14. Burgess, *Barrios*, p. 55.

15. Skinner-Klee, *Revolución*, pp. 36, 64.

16. Spokesmen of the Revolution produced quantities of material putting forward the need and advantages of "progress," but they rarely cast this in Positivist jargon. Nevertheless, many general ideas of "stage" development and of the need to overcome by positive action the debilitating effects of a colonial, church-dominated past and of a present high proportion of an inferior race in the population had common currency in Guatemala's press and among Liberal leadership. Formal positivism had its earliest impact, not surprisingly, in the field of education. See, Jesús J. Amurrio, *El positivismo en Guatemala* (Guatemala, 1966), Ernesto Chinchilla Aguilar, "El positivismo y la Reforma en Guatemala," *Antropología e Historia de Guatemala*, 12 (1960), 35–43, and Herbert J. Miller, "Positivism and Educational Reforms in Guatemala, 1871–1885," *A Journal of Church and State*, 8 (Spring 1966), 251–263.

17. *Recopilación de las leyes emitidas por el gobierno democrático de la República de Guatemala por la Asamblea Nacional Legislativa*, 88 vols. to date, (Guatemala, 1881–), I, 12–14.

ment to the desirability of industrial development.<sup>18</sup> The logic of coffee profitability, however, undercut any serious short-term promotion of local manufactures. Capital was in short supply and produced a better return in coffee. Import substitution held little appeal for an elite which transacted most of its business on the international market and sought to maintain lowest possible domestic wage levels.

Guatemala could not expect to manipulate the world price or demand for coffee to her own advantage, but by adopting suitable policies national leaders hoped to significantly lower the cost and improve the availability of those factors needed to expand local production.<sup>19</sup> The scarcity and cost of capital was a long-standing problem, common to much of Latin America, for which the Liberals never discovered a satisfactory solution. Attempts to form a national agricultural bank capitalized from the proceeds of confiscated church wealth failed in the confusion of the 1876 war with El Salvador and Honduras.<sup>20</sup> Individuals with surplus funds either invested them in their own businesses or exported them as a hedge against Guatemala's political uncertainties.<sup>21</sup> Those willing to lend money to growers normally refused to accept land as collateral. They preferred to advance mercantile credit secured by a crop lien. Land without a sufficiency of capital or labor was of no value.

Guatemala's inadequate existing transport network presented a major obstacle to the growth of coffee exports. Routes available in 1871 remained essentially those of the colonial period, and several, notably the trail to the north coast, had deteriorated markedly since the previous century. Such facilities served the small volume interests of the Consulado but were totally inadequate for high-bulk commodities. Local exporters gained their first reliable, if expensive, link to the markets of Europe and North America with the opening in 1856 of the Panama Railroad and the operation of its adjunct steam lines. The condition of Guatemala's few cart roads, however, made

18. *Memoria del Ministerio de Fomento de Guatemala, 1879* (Guatemala, 1879), p. 53, and *Memoria . . . Fomento, 1884*, p. 31.

19. P. Derby de Thiersant, *Consideraciones sobre la producción y consumo de café en el mundo entero* (Guatemala, 1881), p. 35.

20. *Recopilación, I*, 209-213, 263-271; Solórzano F. in *Evolución*, pp. 356-361. Pedro Joaquín Chamorro Zelaya in *El Patrón* (Nicaragua, 1966), p. 131, claims Barrios faked the failure to conceal his own thefts. See also the discussion of Guatemalan banking in Thomas R. Herrick, "Economic and Political Development of Guatemala. During the Barrios Period, 1871-1885," (Ph.D. Diss., University of Chicago, 1967).

21. President Barrios adopted this precaution. Helen J. Sanborn, *A Winter in Central America* (Boston, 1886), p. 148.

it difficult to take advantage of this improvement. Indifferently constructed and inadequately maintained roads delayed shipments, immobilized capital, and raised export expenses, hampering Guatemala's ability to compete internationally. Imported goods not ruined in transit remained inordinately expensive.<sup>22</sup> The Liberals opened a second Pacific port, Champerico, to international trade and planned a network of new roads to link producing areas with the Pacific, but Fomento had little more success than had the Consulado at building and maintaining cart roads; rain, unstable terrain, and wooden cart wheels left the tracks in such poor condition that goods often took months to cover the one hundred miles between San José and Guatemala City, at a cost of up to sixty pesos per ton.<sup>23</sup>

To the Liberal the railroad was the quintessential "emblem of progress" and the key to a modern nation's transport system.<sup>24</sup> In April of 1872, while still in the process of organization, Fomento engaged William F. Kelly to build a rail line from San José to the capital.<sup>25</sup> In payment the government promised one and one-half million pesos in ten percent bonds. Kelly's unsavory reputation, however, defeated his efforts to raise capital in Europe, and Guatemala's existing defaulted foreign debt made it impossible for the government itself to raise funds abroad. In 1874 the Liberal administration began to repay this obligation left it by the Conservatives, but the rail scheme continued to elicit no interest from foreign investors.<sup>26</sup> Alternative

22. Woodward, *Consulado*, p. 96; *Memoria . . . Fomento*, 1879, p. 6 and 1880, pp. 15-17; George Williamson to Hamilton Fish, United States Legation in Central America, Oct. 16, 1873. Dispatches received by the Department of State from the United States Minister to Central America, 1824-1906. Microfilm copies in the Latin American Library, Tulane University, New Orleans, La. (Hereafter cited as LAL-TU); *El Guatemalteco* (Guatemala), Feb. 15, 1881, p. 1; *House Executive Document No. 50*, 1st Session, 48th Congress, 1884-1885, Vol. 29 (Washington, 1886), 214-215.

23. *Recopilación*, I, 4-5 and 238-239; Ministerio de Fomento (hereafter F.) to Jefe Huehuetenango, June 15, 1875, Archivo General de Centro América (hereafter AGCA), Fomento Copy Book (hereafter FCB), No. 21555, pp. 39-40; F. to Jefe Petén, Jan. 17, 1879, AGCA, FCB No. 21563, p. 303. The copy books of Fomento's outgoing correspondence are held in the uncatalogued material of the AGCA.

24. *Memoria . . . Fomento*, 1863, p. 86.

25. *Boletín Oficial* (Guatemala), April 18, 1872, pp. 1-4 and April 28, 1872, p. 3; *Contrato del ferrocarril al puerto San José* (Guatemala, 1872); "Impresos" No. 0115, pamphlet containing the Kelly contract, later modifications and correspondence, AGCA; *El Imparcial* (Guatemala), May 25, 1872, p. 1.

26. *El Guatemalteco*, June 24, 1874, pp. 1-2 and Aug. 25, 1874, p. 1; *El Progreso* (Guatemala), Aug. 30, 1874, p. 1, F. to Manuel Sáenz, Apr. 3, 1875, AGCA, FCB No. 21554, p. 314; *Recopilación*, I, 290-291.

opportunities for mobile capital were simply more attractive. Certain that the line was vital to the nation's progress, Fomento financed a preliminary route survey and continued to cast about for a likely source of funds.

Not until Guatemala's triumph in the 1876 war ensured a period of relative peace in Central America were investors forthcoming. In 1877 William Nanne and Louis Schlesinger, representatives of a group of California capitalists, agreed to construct a railroad between San José and Escuintla, a regional coffee center on the road to Guatemala City.<sup>27</sup> A second company contracted to connect Champerico to Retalhuleu.<sup>28</sup> Unlike the Kelly scheme, however, these were privately owned lines which soon returned high profits not to Fomento or to Guatemala but to overseas investors.<sup>29</sup>

Some Guatemalans argued that instead of handing land grants, loans, tax concessions, and, ultimately, profits to foreign adventurers, local entrepreneurs should be encouraged to invest in and develop needed facilities. In 1880 the Economic Society of Friends of the Country advanced a plan to finance construction of an Escuintla-Guatemala City rail connection which took advantage of existing provisions for the amortization of the internal debts. Individual creditors would subscribe their bonds to a national company which would use interest payments to capitalize the project.<sup>30</sup> This scheme stirred considerable enthusiasm among local businessmen, but Fomento rejected the idea "with regret," noting that on the day of receiving the formal proposal the government had awarded the contract to William Nanne.<sup>31</sup> Though corruption and bribery played a part in this decision,<sup>32</sup> the

27. *Recopilación*, II, 545–48; *Ferrocarril entre Escuintla y el puerto de San José* (Guatemala, 1877).

28. *Recopilación*, II, 539–542; *Contrato celebrado entre el gobierno de la república y los señores J. H. Lyman, D. P. Fenner y J. B. Bunting para construcción de una línea férrea entre Retalhuleu y Champerico* (Guatemala, 1881).

29. Bureau of the American Republics, *Guatemala* (Washington, 1892), p. 92; R. A. van Middeldyck, *Guatemala: Some Facts and Figures for Visitors* (New York, 1895), p. 62.

30. *El Porvenir* (Guatemala), May 31, 1880, p. 349; *Memoria . . . Fomento*, 1880, p. 25; F. to Luis Andreu, April 1, 1881, AGCA, FCB No. 21568, p. 47. For more details on the Society's project see my article "Financiando de Desarrollo en la América Latina del Siglo XIX: El caso de Guatemala: 1871–1885," *Revista de Pensamiento Centroamericano*, 14 (Abril–Junio 1975), 1–8.

31. F. to Sociedad Económica, July 22, 1880, AGCA, FCB No. 21567, pp. 127–128; *Sociedad Económica* (Guatemala) Aug. 1, 1880, p. 1.

32. *El Renacimiento* (Guatemala) July 14, 1885, pp. 3–4 and July 28, 1885, p. 1; *El Guatemalteco*, July 23, 1885, p. 104.

Liberal administration, in spite of the Economic Society's progressive interests, seemed never fully to trust this link with the colonial and Conservative past.<sup>33</sup> More fundamentally, hasty and unconsidered rejection of the Society's scheme reflected the common Liberal pre-supposition of the superiority of imported skill and capital.<sup>34</sup>

Improved access to the coast made more obvious the failings of the Panama Railroad and the Pacific Mail Steamship Company. Initially the United States government subsidized this system to provide dependable communications with the territories taken from Mexico. Completion of the Union Pacific in 1869, however, diverted much of the North American traffic and forced the directors to seek new sources of revenue. The company reached agreements with several of the Central American republics to increase service and standardize rates in return for subsidies. But service remained far from satisfactory.<sup>35</sup> Coffee piled up on the wharf, and travelers often found themselves stranded when ships departed ahead of schedule or neglected to stop at all. Rough handling destroyed goods and terrified passengers. Compounding these derelictions were those of the Panama Railroad, which after 1869 gave deteriorating service while continuing to charge exorbitant rates. Enjoying essentially a monopoly, the Pacific Mail-Panama Railroad demanded £8. to £10. a ton for coffee delivered to Europe or New York and comparable charges for imports.

Seeking an alternative to this situation, several Guatemala City mercantile houses cooperated to test the commercial feasibility of an all-water route to Europe. In the autumn of 1881 they chartered a steamer of the German Kosmos line to transport coffee directly from the Pacific ports to Europe via the Straits of Magellan.<sup>36</sup> The next year they successfully repeated the experiment with several ships. They then approached Fomento which agreed to replace the charter system with a subsidy provided Kosmos increased the number of sailings and charged no more than £5. a ton to transport coffee to

33. Very shortly thereafter the government suppressed the organization altogether, claiming it merely duplicated Fomento. *El Guatemalteco*, May 5, 1881, pp. 1-2 and May 11, 1881, p. 4.

34. *El Progreso*, July 12, 1874, p. 1; *El Guatemalteco*, Feb. 10, 1881, p. 4 and Feb. 15, 1881, p. 3.

35. *Sociedad Económica*, Aug. 28, 1868, p. 3; *El Crepúsculo* (Guatemala), Nov. 20, 1872, p. 4; F. to Compañía de Vapores del Pacífico, June 1, 1876, AGCA, FCB No. 21556, pp. 154-155, with many similar; *House Executive Document No. 50*, pp. 189-190 and p. 307.

36. *El Diario de Centro América* (Guatemala), Nov. 29, 1881, p. 2, Apr. 20, 1882, p. 4 and Dec. 16, 1882, p. 4.



TABLE I: Coffee Shipping Rates.<sup>40</sup>

	1882	1883	1884	1885
£8. ton Europe	£6. ton Europe	£5. ton Europe	£4.2.6 Europe	£4. ton Europe
\$28. ton New York	\$28. ton New York	—	\$22.40 ton New York	\$20.00 ton New York

Ton = 2000 lb.

Europe.<sup>37</sup> The government soon reduced Kosmos' subsidy from three to one thousand pesos per ship but Pacific Mail nevertheless protested. The North American company claimed that their own contract provided for a subsidy of five hundred pesos and promised that no competitor would receive more.<sup>38</sup> Fomento responded by omitting all mention of a subsidy from subsequent Kosmos contracts, while continuing to pay the one thousand pesos per ship in the form of tariff reductions to the line's local agent.<sup>39</sup> Not deceived, Pacific Mail had no choice but meet the competition.

Shipping charges to Europe fell rather more dramatically than those to New York because on this route the Panama Railroad retained a monopoly. As Kosmos came only during the harvest peak, Pacific Mail continued to handle half of Guatemala's exports and two-thirds of the nation's imports, though at the new rates. One newspaper estimated that the lower shipping charges induced by competition saved exporters some \$200,000 a year.<sup>41</sup>

The fact that Guatemala's chief market lay on the Atlantic, together with the exactions and cavalier attitude of the Pacific shipping mo-

37. This system had, of course, the advantage of shifting the cost and risk from the coffee growers and import-export merchants who were the chief beneficiaries of the new connection to the general tax population. Kosmos received additional subsidies from the other Central American states. *Memoria . . . Fomento*, 1883, p. 54; F. to Ramón Aguirre y Cía., Feb. 16, 1883, AGCA, FCB No. 21571, pp. 886–888.

38. F. to Ramón Aguirre y Cía., Mar. 12, 1884, AGCA, FCB No. 21574, pp. 808–809.

39. The contract published in *El Guatemalteco*, June 30, 1885, pp. 1–2, made no mention of the subsidy, but Fomento guaranteed it in a letter to the company: F. to Ramón Aguirre y Cía., June 24, 1885, AGCA, FCB No. 21577, p. 358.

40. *El Diario de Centro América*, Apr. 20, 1882, p. 4. Dec. 16, 1882, p. 4. Dec. 2, 1884, p. 3. Aug. 11, 1882, p. 1. Jan. 23, 1883, p. 3. Nov. 15, 1883, p. 3. Dec. 4, 1884, p. 2. Oct. 27, 1884, p. 1. Dec. 11, 1884, p. 2. and Jan. 15, 1885, p. 3. *El Guatemalteco*, Feb. 10, 1883, p. 4 and June 30, 1885, pp. 91–92; *Memoria . . . Fomento*, 1883, p. 54.

41. *House Executive Document No. 50*, pp. 214 and 322–323; *El Diario de Centro América*, Oct. 27, 1884, p. 1 and Oct. 29, 1884, p. 1.

nopoly, made it ultimately senseless "to go south to go north." From the colonial period the population of the highlands had sought ready access to the Caribbean. Centuries of effort, however, demonstrated the difficulties involved in attempting to bridge the northern lowlands. Broken terrain, a harsh tropical climate, endemic disease, and few readily exploitable resources discouraged those who ventured into the region. An attempt by Fomento in 1875 to construct a northern highway ended in confusion when the government appropriated the project's funds to outfit troops for the 1876 war.<sup>42</sup> A short road completed between Cobán and the Polochic River served only the few isolated planters of the Verapaz.<sup>43</sup>

The return of political stability after 1876 and the growing prosperity of the coffee industry prompted Liberal interest in the possibility of a railroad to the north. Not only would a rail link to a Caribbean port outflank the Pacific monopoly, but it would stimulate colonization and development. Initially more expensive to construct than a road, a rail line moved bulk cargoes more efficiently and, in a region of heavy rains, entailed fewer maintenance problems. Also, there were obvious political advantages in a branch at Zacapa into the Oriente, traditionally a center of Conservative intrigue and rebellion.

When efforts to promote a loan in the United States foundered upon Guatemala's again defaulted foreign debt,<sup>44</sup> Fomento sought to interest private investors. Several Guatemalan and foreign speculators signed contracts, but none proved able to raise even the necessary deposit.<sup>45</sup> A survey completed by Fomento's engineers suggested some of the reasons this project failed to attract adequate financing.<sup>46</sup> Unlike the lines of the Pacific coast which were relatively inexpensive to construct, and promised substantial short-run revenue, an Atlantic link held out less certain rewards. Conditions

42. *El Guatemalteco*, Mar. 8, 1876, p. 4, May 3, 1876, p. 3, and Sept. 27, 1876, p. 3; AGCA, B.19.11, leg. 41177, exp. 1.

43. The Verapaz was the early center of German settlement in Guatemala, though prior to the 1890s this amounted to only a scattered few families. F. to Francisco Savg, May 24, 1876, AGCA, FCB No. 21556, pp. 144-145; *Informe dirigido por el Jefe Político del Departamento de la Alta Verapaz General de División Don Luis Molina al Ministerio de Gobernación* (Cobán, Guatemala, 1882), p. 16.

44. C. A. Logan to the Secretary of State, United States Legation in Central America, Aug. 12, 1879, LAL-FU.

45. *Memoria . . . Fomento*, 1880, p. 28.

46. A. Prieto and R. Piatkowski, *Ideas generales sobre el Ferrocarril Inter-oceánico de Guatemala* (Guatemala, 1881).

in the northeast would make construction difficult and costly, and there was little prospect of appreciable income before reaching the highlands. Once completed, should such a line manage to divert most of the traffic previously routed via the Pacific even this would not assure profitable operation. Only when the northeast itself had developed might a northern railroad expect to show a dependable profit.

Frustrated by the failure of private entrepreneurs to achieve any tangible results, the Liberals adopted a modified version of the plan advanced earlier by the Economic Society.<sup>47</sup> In August of 1883 President Barrios announced a scheme of compulsory popular investment to fund a nationally-owned Northern Railroad. Each citizen earning eight pesos or more a month was to buy a forty-peso share in the enterprise, to be paid for in installments of one peso per quarter over ten years. Noting Barrios' example, prominent foreigners, not subject to compulsory subscription, and wealthy Guatemalans pressed forward to pledge extra shares, though they showed less eagerness to pay for them.<sup>48</sup> The quarterly compulsory collections netted on the average less than two-thirds of the anticipated three hundred thousand pesos and failed to provide sufficient capital to carry forward construction efficiently.<sup>49</sup> Undercapitalization forced the Junta Directiva to buy the line a mile at a time. The contractors, themselves only marginally solvent, built it piecemeal, sacrificing the efficiencies and economies of scale. By the spring of 1885 the new line straggled only four miles into the interior, and its hesitant progress had stirred little enthusiasm for secondary investment or settlement.

The financing system set up by President Barrios' decree was highly regressive. It required, as well, that precisely those groups most likely to suffer land incursions and labor demands as a result of the expansion of coffee cultivation contribute scarce cash to a project designed specifically to promote that crop. Not surprisingly, collection encountered widespread resistance. Ladinos changed jobs and residences and sought to conceal sources of income. The Indians, aware from centuries of experience that a census certainly prefigured new forms of exploitation, flatly refused Fomento's enumerators access to

47. *El Guatemalteco*, Aug. 11, 1883, p. 3.

48. *Recopilación*, IV, 26; *El Guatemalteco*, Jan. 19, 1884, p. 4.

49. *Informe de la Dirección Jeneral del Ferrocarril al Norte elevado al Ministro de Fomento, abril 30 de 1884*, (Guatemala, 1884); *El Guatemalteco*, Jan. 1, 1885, p. 2, and Aug. 4, 1885, p. 111; *Memoria... Fomento, 1885*, anexo 8.

their villages.<sup>50</sup> Rather than provoke a full-scale confrontation, the government allowed village leaders to negotiate collective payments and to distribute this cost internally according to traditional criteria. The scheme clearly failed to generate the level of popular enthusiasm anticipated and claimed by a servile press. In the early months of 1885 national leaders diverted accumulated railroad funds to military preparations; when President Barrios was killed in the subsequent invasion of El Salvador the remaining Northern Railroad money disappeared into the pockets of fleeing politicians.<sup>51</sup>

The collapse of the Northern Railroad underlined a fundamental contradiction in the Liberals' view of "modernization." A self-image of Guatemala's "stage" and prospects of development borrowed from abroad generated a rhetorical patriotism which demanded as a precondition of progress the transformation of national culture into a technological and esthetic facsimile of the developed world. This sense of inferiority manifested itself, for example, in the excessive subsidies paid to foreign opera and dance companies which played to nearly empty houses in Guatemala City.<sup>52</sup> More perniciously, it conditioned leaders to regard things "modern" as inherently preferable to the local equivalent. Fomento spent thousands of pesos employing foreign experts to develop new products or production methods for the republic. Most proved incompetent or patently intent upon exploiting Liberal credulity.<sup>53</sup> When, on the other hand, a group of local entrepreneurs capitalized and put into service a steamship line intended to promote north coast banana production by breaking the monopoly of the single existing New Orleans line they received little encouragement. Fomento refused them even a subsidy, though it continued to pay one to their competitor, notorious for cheating growers.<sup>54</sup> Liberal leaders evidenced not merely an ideological presupposition of the superiority of foreign ideas and individuals but an assumption that most Guate-

50. Hoja Suelta, Aug. 8, 1883, AGCA; AGCA, B.106.1, leg. 1764, exp. 41098; F. to Angel Peña, Mar. 10, 1884, AGCA, FCB No. 21574, p. 790.

51. *El Diario de Centro América*, July 14, 1885, p. 1; *El Renacimiento*, July 15, 1885, pp. 1-2, July 18, pp. 2-3 and July 24, 1885, pp. 2-3.

52. *Memoria... Fomento*, 1879, p. 123; *El Guatemalteco*, Dec. 18, 1879, p. 4, June 19, 1881, p. 3 and June 10, 1884, pp. 2-3.

53. Two of the more colorful of these were F. F. Millin, who took refuge on a ship in Santo Tomás harbor to avoid arrest for failing to comply with his contract, and Daniel Butterfield, who by representing himself as an envoy of the United States government obtained a rail contract, and even when he was exposed as a swindler was allowed to retain the concession.

54. *El Diario de Centro América*, Sept. 10, 1881, p. 1, Oct. 19, 1883, p. 2, Feb. 29, 1884, p. 1; AGCA, B.106.1, leg. 2325.

malans were organically disadvantaged in attempting to compete with them.<sup>55</sup>

From the Liberal perspective perhaps Guatemala's most serious social problem was the composition of the national population.<sup>56</sup> Except as driven labor the Indian majority was useless. Even the ladino could not match the work discipline and productivity of Europe's lower classes, lacking, in particular, their receptivity to new ideas and techniques. Thus railroad construction seemed a unique opportunity to introduce the local lower orders to the rational work regime of industry and to expose them to modern technology. The labor requirements of coffee production and the relative ease of construction limited the numbers drafted to work on the southern lines. On the Northern Railroad project, however, Fomento hoped to intermingle large numbers of foreign and local laborers in order to maximize the beneficial influence upon the indigenous population of the foreigners' superior "application" and "morality."<sup>57</sup> The success of the effort as an instructional exercise depended upon Fomento's being able to mobilize and shift to the north substantial numbers of *indígenas*. Indians from the highlands were well aware of the region's fierce reputation, however, and even for the promised wage of a peso a day showed no interest in venturing into the area.<sup>58</sup> Barrios, who understood Indian attitudes better than many of his supporters, rejected the *Juniá's* request for levies of forced labor, fearing both the disruption of the coffee labor supply and the real possibility of an Indian revolt. Quick to quash isolated opposition to his authority, he consistently avoided antagonizing the indigenous majority unnecessarily.<sup>59</sup>

The men brought from overseas to work on the rail project in any event scarcely would have provided the anticipated edification. When Fomento was unable to deliver the two thousand laborers and artisans promised, the North American firm contracted to begin construction had to rely increasingly upon New Orleans labor brokers. In the mid-1880s a severe agricultural depression gripped the midwestern and

55. *El Diario de Centro América*, July 5, 1883, p. 1; *El Crepúsculo*, Oct. 16, 1872, p. 1; *Sociedad Económica*, Feb. 15, 1873, p. 6.

56. *El Diario de Centro América*, July 5, 1883, p. 1; F. to Rafael Godoy, Dec. 23, 1876, AGCA, FCB No. 21557, pp. 368–369; *Recopilación*, I, 457. See also, Guzmán Böckler and Herbert, *Guatemala*, p. 156.

57. *Recopilación*, IV, 181–188.

58. The general wage levels in Guatemala at this time approximated one-half to one real per day for agricultural labor, sometimes with food, and two to four reales per day for road work.

59. For example see F. to Jefe Verapaz, Dec. 17, 1878, AGCA, FCB No. 21557, pp. 353–355.

southern United States. At the same time, thousands of immigrants each year flooded off the boats from Europe. In the summer of 1884 many unemployed drifted to New Orleans seeking work, usually without success, at the Cotton Exposition. Desperate, they answered recruiters' advertisements<sup>60</sup> and fought to board steamers for Guatemala.

When [the] ship was brought alongside the wharf at New Orleans there was such a press of men over and above the number engaged that [we] were obliged to drive them off the ship with clubs, and, in spite of this, twelve stowaways appeared after [we] got out to sea.<sup>61</sup>

That autumn the Guatemalan consul certified more than two hundred men a month for the new north coast port and railroad of Puerto Barrios, and others arrived by less direct routes.<sup>62</sup>

If the quantity of labor available was sufficient, quality was open to question. Fomento described these men as vicious, depraved, and incapable of work;<sup>63</sup> the contractors found many to be "jailbirds from all the Mississippi Valley" and "pretty tough cattle to handle."<sup>64</sup> For their part, the workers claimed that they had been deceived and mistreated. When New Orleans newspapers and the United States Navy investigated the situation they found that unscrupulous recruiters, in collusion with steamer captains, lied to, cheated and even kidnapped men, delivering them on the beach at Puerto Barrios for so much a "head."<sup>65</sup> Wages and conditions were not what had been advertised, a truck system kept the men in debt, and many fell ill and died in a pestilential and unfamiliar environment. Badly behind schedule, the contractors turned a blind eye to recruiting irregularities and defended conditions in the camps.

60. "25 good railroad men, Germans or Scandinavians; wages \$2 per day; transportation free, to leave Saturday per steamer 'Wanderer' for Guatemala. Apply at Van's, 62 St. Louis Street." *Times-Democrat* (New Orleans), Oct. 24, 1884, p. 5.

61. James Sarg to Whitehouse, United States Legation in Central America, Dec. 5, 1884, LAL-TU.

62. *El Guatemalteco*, Mar. 3, 1885, p. 16; "Izabal," shipping manifests, AGCA.

63. F. to Comandantes of Izabal, Livingston, and Puerto Barrios, Jan. 16, 1885, AGCA, FCB No. 21576, pp. 549-550.

64. *Times-Democrat*, May 22, 1885, p. 8.

65. *Times-Democrat*, Mar. 27, 1885, p. 2, May 19, 1885, p. 4, and May 21, 1885, p. 2. *Panama Star-Herald* (Panama) June 6, 1885, p. 4; James Sarg to Whitehouse, United States Legation in Central America, December 5, 1885, LAL-TU, and other letters contained in this dispatch. For a humorous, fictionalized account of conditions on the line see O. Henry's (W. Porter), "The Shamrock and the Palm" in *Of Cabbages and Kings* (New York, 1904).

Nowhere is Liberal misapprehension of foreigners more evident than in their expectation that small grants of land would encourage these men to settle in the northeast. To this end the government offered plots of approximately thirty acres to all immigrant laborers who worked a year or more on the Northern Railroad.<sup>66</sup> Even disregarding problems of health, most of the men recruited in New Orleans were neither suited for nor interested in subsistence agriculture in the tropics. Those who wished to pursue small-scale farming could have done so in more familiar surroundings and with more land simply by taking advantage of the Homestead Act or of periodically depressed land prices in the United States. With few exceptions the Europeans and North Americans who undertook tropical agriculture in this period came with capital, intending plantation production for export, not family farming. The workers from New Orleans were members of an increasingly mobile urban proletariat lacking capital or useful skills who pursued such hazardous, poorly paid industrial manual labor as was available. There is no evidence that the contractors treated them unusually harshly.<sup>67</sup> But neither did the Liberals take care to ensure the health and safety of what they purported to feel was a potential asset to the national population. In part this failure stemmed from a reluctance to interfere in the internal affairs of a foreign company. More significantly, the contractors treated their workers better than local employers customarily treated nationals. Certainly no local *mozo* enjoyed comparable wages or health facilities, however inadequate they might appear to the foreign workers or to the United States consular agent.<sup>68</sup> Such actions as public floggings, debt servitude, and martial law were entirely compatible with Guatemalan statute and with Liberal views on proper owner-worker relations.

What the Liberals wanted, of course, was a “modern” white working class which would accept the wages and conditions which centuries of European rule had forced upon the Indians. By “bleaching out” the lower classes they sought a radical transformation of the ethnic but not social structure. “An infusion of fresh and vigorous life” provided by mass white immigration would “speed the clogged blood” of the nation. An influx of Europeans would increase the “intelligent”

66. *Recopilación*, IV, 217.

67. For comparison see Joseph L. Schott, *Rails Across Panama: The Story of Building of the Panama Railroad, 1849–1855* (New York, 1967) and Watt Stewart, *Keith and Costa Rica* (Albuquerque, 1964).

68. J. Sarg to Whitehouse, United States Legation in Central America, Dec. 5, 1884, LAL-TU.

work force available, revolutionize agricultural production, and spread civilized morals and values among the lower order.<sup>69</sup> Precisely such a population, it seemed, flooded out of Europe every year, but how to attract it to Guatemala? By the 1870s shipping and family connections, together with well known opportunities, directed most emigrants to North America, Brazil and Argentina.

Guatemala, seeking a share of this outpouring, set up an Immigration Society under Fomento's direction. This agency was to write a suitable Liberal immigration law and propose practical measures to attract settlers.<sup>70</sup> The Society secured reduced rates for immigrants from the Pacific Mail and wharf companies and obtained tax concessions for immigrant agriculturalists. It also arranged contracts which allowed immigrants to rent land with the option to buy.<sup>71</sup> Fomento set up publicity bureaus in New York and California and subsidized foreign newspapers and books.<sup>72</sup> Commenting on these activities, the United States representative in Guatemala City expressed the hope that no North Americans would be lured to this "social atmosphere . . . impregnated with the odor of superstition and moralities that tend to shock if not sap the religious as well as moral senses."<sup>73</sup> The Liberals, he wrote to Washington, sought the aid of immigrants in support of a vicious dictatorship which oppressed the majority of the population. But many travelers and resident foreigners expressed a different opinion. Some merely underestimated the difficulties of pioneering in the tropics, but the most vociferous were those who indeed had successfully allied themselves with the local elite to take advantage of cheap land and labor.<sup>74</sup>

If Fomento's subsidies helped assure favorable comment in the North American press, in Europe, the principal source of emigrants, the new regime received less welcome attention. A pamphlet in Italian containing impossible promises appeared fraudulently in the republic's

69. *El Crepúsculo*, Oct. 16, 1877, p. 1.

70. *Estatutos de la Sociedad de Inmigración* (Guatemala, 1877).

71. *El Guatemalteco*, Jan. 22, 1878, pp. 2-3.

72. F. to James Boyd, Feb. 6, 1877, AGCA, FCB No. 21558, pp. 127-128; F. to Hacienda, Jan. 17, 1877, AGCA, FCB No. 21557, p. 462 and FCB No. 21568, p. 490; F. to E. A. Lever [editor of the *Times-Democrat* and author of *Central America* (New Orleans, 1885)] Apr. 25, 1883, AGCA, FCB No. 21572, pp. 375-376; *Memoria . . . Fomento*, 1884, pp. 42-43.

73. C. Williamson to Mr. Everts, United States Legation in Central America, 12 April 1877, LAL-TU. These comments were omitted from the published version of the reports.

74. *House Executive Document No. 50*, pp. 215-216; William T. Brigham, *Guatemala: Land of the Quetzal* (London, 1887).



name at Marseilles. Though hotly disowned by Fomento, it stirred up a storm of protests and warnings in the press of Italy.<sup>75</sup> Perhaps because of this very notoriety, however, early in 1878 a vessel arrived unannounced on Guatemala's Caribbean coast bringing three hundred and forty Italian and Tyrolese immigrants.<sup>76</sup> Fomento ordered these families transferred as rapidly as possible away from the unhealthy coast to the highlands while it pieced together their story. A Marseilles broker had assembled the group originally on a contract from Venezuela, but when that country failed to make the promised payments he dispatched them to Guatemala.<sup>77</sup> The newspaper debate surrounding the fraudulent pamphlet had made it clear that Guatemala sought immigrants, and the entrepreneur anticipated that the government would reward someone enterprising enough to deliver them. Immigration enthusiasts argued whether to settle this windfall together as a colony or to disperse them among the general population. The latter offered maximum exposure but exposed them in turn to the local vices of indifference, "inexactitude," and lack of ambition. Fomento, instead, located the families together on small plots near Guatemala City. There the activities of the colony would provide a showpiece of intelligent cultivation, as well as improve the supply and diversity of food available in the capital.<sup>78</sup> Subsequent immigrants drawn by this group's success could be dispersed to the departments.

In fact, the new community disintegrated almost immediately. Immigrants abandoned their land for agricultural day labor, artisan trades, and marginal urban services such as "fixing shoes, repairing umbrellas and shining shoes";<sup>79</sup> "some cut grass and sold it in the market."<sup>80</sup> Lack of any background information on the individuals or of the original selection criteria makes it impossible to discover with certainty why they gave up independent farming for such apparently unrewarding occupations. Observers at the time offered several possible reasons, some noting that the land offered the immigrants was of poor quality, others suggesting that they simply rejected being isolated from

75. F. to Sociedad de Inmigración, Oct. 3, 1878, AGCA, FCB No. 21562, p. 728; *Memoria . . . Fomento, 1879*, p. 67.

76. F. to Ministerio de Guerra, Jan. 29, 1878, AGCA, FCB No. 21561, p. 527.

77. F. to Sociedad de Inmigración, Jan. 31, 1878, AGCA, FCB No. 21561, pp. 537–538; *Sociedad Económica*, Feb. 8, 1878, pp. 1–2; *El Guatemalteco*, Feb. 11, 1878, p. 1.

78. *El Ferro-carril* (Guatemala), Feb. 28, 1878, pp. 2–3; *Sociedad Económica*, Apr. 12, 1878, pp. 3–4.

79. Díaz, *Barrios*, p. 277.

80. Bureau of American Republics, *Guatemala*, p. 64.

the local population.<sup>81</sup> Nearby landowners actively recruited the immigrants for farm labor, particularly as their alternative employments indicate they commanded little or no wage differential over local workers.

Responding to the evident demand, the owner of the immigrant ship cooperated with a resident Italian entrepreneur to deliver contract labor from Europe. Over the next year they brought some five hundred more Italians, but the shipowner eventually had to flee Guatemala, dogged by bad debts and complaints.<sup>82</sup> As in most such operations, the workers claimed to have been tricked into signing contracts they did not understand. Employers, for their part, protested that the immigrants failed to fulfill adequately the duties for which they had been advanced passages and wages.

The disappointments of the late 1870s mark an important turning point in the Liberal attitude toward immigration. Though still interested in groups of settlers when potentially available—as in conjunction with the Northern Railroad—Liberal leaders no longer seriously anticipated immigration on a scale sufficient to alter the racial complexion of the lower classes.<sup>83</sup> A massive influx of Europeans willing to work and live under conditions imposed upon the Indians was increasingly unlikely. In Brazil and Argentina the dominant groups used control of the state apparatus to subsidize immigrant transport costs, creating artificially a surplus rural population which depressed wages and increased profits. In 1879 Guatemala also enacted such a law, but declining coffee prices forced the administration to suspend it before it could take effect.<sup>84</sup> However productive the European agricultural worker might be in theory, it was simply not economical for the individual grower to pay passage costs in return for a limited contract when there existed, at hand, a large and not yet fully utilized indigenous labor reserve. Not only were local Indians accustomed to the low rewards and the harsh realities of existing conditions, but

81. *El Ferro-carril*, Apr. 10, 1878, pp. 3–4; *La Estrella de Guatemala* (Guatemala), July 11, 1885, p. 1.

82. F. to Srs. Capagnoli y Ramírez, June 26, 1878, AGCA, FCB No. 21562, p. 223; F. to Sociedad de Inmigración, Jan. 8, 1879, AGCA, FCB No. 21563, p. 541; F. to A. Byonties, Nov. 3, 1879, AGCA, FCB No. 21565, p. 612; *Memoria . . . Fomento* 1879, p. 71.

83. William J. Griffith, *Attitudes toward Foreign Colonization* (New Orleans, 1972), p. 88 and passim.

84. F. to Presidente Sociedad de Inmigración, Apr. 20, 1880, AGCA, FCB No. 21566, pp. 573–575; F. to Asamblea Legislativa, Apr. 27, 1880, AGCA, FCB No. 31566, p. 626, 664; *El Guatemalteco*, Mar. 14, 1879, pp. 3–4 and Mar. 27, 1879, pp. 3–4; *Memoria . . . Fomento*, 1881, pp. 34–35.

the government was free, limited only by the danger of provoking a total revolt, to enact measures which reduced their cost as a production factor, without fear of consular intervention or gunboat diplomacy.

Guatemala's Indian population had enjoyed the inattention of outsiders during much of the colonial and early national period because few landowners had a crop which demanded large-scale, cheap labor. But the spread of coffee production after mid-century stimulated an unprecedented scramble to secure needed *manos de obra*. Increased integration into the world market system revived and extended within Guatemala, as in Eastern Europe, traditional forms of labor extortion. It prompted too the elaboration of new techniques, shattering the Indians' reconstituted social structure and further depressing their living standards.<sup>85</sup> Liberal ideology explained that:

The only method of improving the situation of the Indians, of taking them out of the state of misery and abjection in which they exist, is to create in them the needs they will acquire by contact with the ladino class, accustoming themselves to work by which they can fill them, thus becoming useful to national agriculture, commerce and industry.<sup>86</sup>

That the Indians had by centuries of revolt and flight demonstrated a lack of interest in further integration only confirmed popular opinion of their near-impenetrable stupidity.

It is only an apparent paradox that the Liberals began their efforts to mobilize Indian labor by abandoning use of the traditional *mandamiento*, or conscripted labor gangs, for coffee cultivation;<sup>87</sup> this system was inefficient and unnecessary. The key to the independence of the village Indians was their communal land. While they retained this, and the political and social institutions to protect it, an individual member had little incentive to labor for low wages on someone else's coffee plantation. Guatemala's government never attempted mass desamortizations comparable to those undertaken in Mexico,<sup>88</sup> but the

85. Roland H. Ebel, *Political Modernization in Three Guatemalan Indian Communities* (New Orleans, 1969), pp. 151–154; Manning Nash, "The Impact of Mid-Nineteenth Century Economic Change upon the Indians of Middle America" in Magnus Mörner, ed., *Race and Class in Latin America* (New York, 1970), pp. 173–180.

86. *Recopilación*, I, 457–458.

87. F. to Inspector General de Agricultura, Oct. 11, 1877, AGCA, FCB No. 21560, p. 968; F. to Relaciones Exteriores, Oct. 24, 1878, AGCA, FCB No. 21562, p. 887; Hoja Suelta, Jan. 10, 1878, AGCA, and many from groups of citizens praising Barrios' action.

88. Various laws of this type did exist but seem not to have been widely applied. Skinner-Kléé, *Revolución*, p. 113; *El Guatemalteco*, Feb. 28, 1877, p. 1; F. to Jefe Jalapa, June 17, 1875, AGCA, FCB No. 21555, p. 49.

decades after 1871 nevertheless witnessed a massive assault upon village lands.<sup>89</sup> Citing the superior efficiency of private ownership, Fomento routinely gave or sold communal lands to promising entrepreneurs, and much more changed hands through trickery and fraud.<sup>90</sup> Some of this the new owners put into production but much to the present remains uncultivated.<sup>91</sup> Thus it is common to blame the juxtaposition of underutilized latifundia and sub-subsistence minifundia on the failure of Liberal policies—to suggest, that is, that the introduction of schemes intended to promote free competition and private ownership inappropriate to the local context aggravated, rather than helped resolve, the economic problems inherited from the colonial past. In the form of a weak thesis this would be hard to deny, but it vastly oversimplifies historical reality.

Minifundia and consequent rural poverty were not simply the anticipated by-product of ideology.<sup>92</sup> In the 1870s and 1880s an insufficiency of cheap labor was a much greater structural barrier to the expansion of coffee production than problems of land tenure. The incorporation into latifundia of Indian village lands, cheaply or fraudulently done, helped create rural underemployment by forcing families into marginal areas or leaving them without access to sufficient land. Such conditions were precisely those prerequisite to the successful utilization of the laws of vagrancy and debt servitude favored by the Liberals for the mobilization of cheap labor.<sup>93</sup> This system was both simpler to administer and more effective than that of *mandamiento*. And in the absence of any significant manufacturing sector there was no pressure to expand the internal market which might have conflicted with efforts to depress rural living standards. Coffee pro-

89. *El Ferro-carril*, Jan. 8, 1878, p. 1; Nash, "Impact," pp. 182–183; Guillermo Nájuez Falcón, "Erwin Paul Dieseldorff, German Entrepreneur in the Alta Verapaz of Guatemala, 1889–1937" (Ph.D. Diss., Tulane University, 1970), pp. 306–308; Ebel, *Modernization*, p. 152.

90. For example see F. to Jefe Sacatepequez, July 28, 1877, ACCA, FOB No. 21560 and subsequent correspondence on the expropriation of *ejidal* land at San Lucas.

91. See tables pp. 321–326 of Rene de León Schlötter, "La tenencia de la tierra en Guatemala," in *El reto de desarrollo en Guatemala* (Guatemala, 1970).

92. André Gunder Frank raises this thesis in passing in both *Capitalism and Underdevelopment* (New York, 1969), pp. 135–136 and *Dependence and Underdevelopment* (New York, 1972), p. 34, as does Jean-Loup Herbert in rather more detail in "Las relaciones ecológicas de una estructura colonial," Guzmán Böckler and Herbert, *Guatemala*.

93. *Recopilación*, II, 69–75; Burgess, *Barrios*, p. 155; Griffith, *Attitudes*, p. 79; Julia Garland discusses this in "Developmental Aspects of Barrios Agrarian Program, Guatemala 1871–1885" (M.A. thesis, Tulane University, 1968), pp. 38ff.

TABLE II: Coffee Exports and World Prices.

Year	Quantity in lbs. <sup>94</sup>	Average European/ U.S. Price per lb. in U.S. Silver <sup>95</sup>		Gross Value
1871	11,322,900	\$.13		\$1,471,977.00
1872	13,913,700	.18		2,504,466.00
1873	15,050,600	.20		3,010,120.00
1874	16,158,300	.22		3,554,826.00
1875	16,195,900	.20		3,239,180.00
1876	20,534,600	.23		4,722,958.00
1877	20,788,500	.21		4,365,585.00
1878	20,728,500	.18		3,731,130.00
1879	25,201,600	.17		4,284,272.00
1880	28,976,200	.16		4,636,192.00
1881	26,027,200	.14		3,643,808.00
1882	31,327,100	.12		3,759,252.00
1883	40,406,900	.11		4,444,759.00
1884	37,130,600	.11		4,084,366.00
1885	51,516,700	.09		4,636,503.00

duction demands a large labor force for only part of the year. Thus, vagrancy statutes required those holding less than a designated amount of land to work several months a year as agricultural wage labor. When necessary they could be held on the plantation by simply refusing to sign their work books. Fomento's agricultural inspectors were cautioned specifically not to intervene on the laborers' behalf in disputes arising out of such practices.<sup>94</sup> When not needed the workers supported themselves as best they could on their own small plots. Each *fincas* had a few landless, debt-bound colonos to carry on the day-to-day tasks.<sup>95</sup> It is therefore a proposition deserving further study that, at least for Liberal Guatemala, *latifundia* was neither irrational nor simply a remnant of a colonial past, nor motivated primarily by considerations of prestige but served, as did the "head" tax in Africa, to help mobilize cheap labor to assure the profitability of export agriculture.

94. F. to Inspector General de Agricultura, Aug. 23, 1877, AGCA, FCB No. 21560, pp. 691-693.

95. By far the best description and analysis of how this system operates is Humberto Flores Alvarado's *Proletarización del campesino de Guatemala* (Quetzaltenango, Guatemala, 1971).

96. *El Guatemalteco*, Aug. 4, 1883, p. 3; *House Executive Document No. 50*, p. 187; Chester Lloyd Jones, *Guatemala, Past and Present* (New York, 1958), p. 210.

97. *El Diario de Centro América*, June 30, 1882, p. 1; *House Executive Document No. 399*, 1st Session, 50th Congress, 1887-88, Vol. 29 (Washington, 1888), p. 62; William H. Ukers, *All About Coffee* (New York, 1922), p. 297.

By the mid-1880s Guatemala ranked as a leading world exporter of coffee, rewarding, it seemed, Liberal efforts. And exports continued to increase into the next century, though Guatemala's relative position as a world producer declined. Communications with the country's principal markets via the Pacific were much improved and a direct rail link with the north coast had been begun. Liberal policies attracted foreign entrepreneurs and encouraged investment. No longer hampered by Conservative paternalism or church obscurantism, the Indian population could participate fully in national life.

The history of economic cycles in the nineteenth and twentieth centuries has revealed some of the dangers inherent in national dependence on monocultural, raw material exports. Guatemala's Liberals were not unaware of these.<sup>98</sup> But as individuals and as a group there was simply no equally profitable alternative available to them; this accounts in large part for the relative lack of ideological conflict within the elite. As long as they retained political control they could off-load costs onto the general population in bad years and appropriate the profits in good. When this control was threatened, as between 1944 and 1954, they were able to enlist the active support of allies in neighboring countries and abroad. The spread of coffee cultivation in Guatemala generated fundamental structural change not because it represented a transition to a new capitalist mode of production,<sup>99</sup> reliance upon extra-economic coercion continues today to characterize Guatemalan owner-laborer relations. Rather, the expansion of coffee production was the first instance in Guatemala of the penetration of commercial agriculture into the fiber of indigenous society. The disease and domination of the conquest effectively shattered preexisting socio-political structures, but the subsequent colonial administration largely limited its intervention in Indian life to political and religious affairs. The impacts of indigo and cochineal were only regional, and European settlement was quite scattered.

Indigenous remnants had the opportunity to reconstitute themselves into defensive "corporate" villages.<sup>100</sup> The labor demands, however,

98. *Memoria . . . Fomento, 1879*, p. 145 and 1883, p. 4.

99. It may be, however, that this is the long-run effect of the continuing drive to expand coffee production. As Guatemala's agricultural lower class is progressively deprived of access to land it becomes a true rural proletariat, i.e., it has only the commodity of labor power to sell and must depend upon this sale for its livelihood. Extra-economic coercion no longer is necessary nor desirable, and workers-owners enter into relations characteristic of a capitalist production structure.

100. Rodolfo Stavenhagen, *Social Classes in Agrarian Societies* (New York, 1975), pp. 100–104.

and if what is suggested above is correct, the consequent drive to enlarge gross Indian lands of expanding coffee production constituted a direct assault upon the remaining basis of this fragile autonomy, relative economic independence. In sum, “development” for the ruling coffee elite necessitated the active “underdevelopment” of the economic and social position of the indigenous majority.