Below is a table that summarizes the independence movement in Latin America until 1828. For each country the type of movement that brought independence is indicated.

<table>
<thead>
<tr>
<th>Country</th>
<th>Year of Independence</th>
<th>Leader in Independence Movement</th>
<th>Type of Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Haiti</td>
<td>1803–1804</td>
<td>Toussaint L’Ouverture</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>1821</td>
<td>Father Miguel Hidalgo</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>José Morelos</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Agustín de Iturbide</td>
<td></td>
</tr>
<tr>
<td>Colombia</td>
<td>1819</td>
<td>Simón Bolívar</td>
<td>2</td>
</tr>
<tr>
<td>Venezuela</td>
<td>1821</td>
<td>Francisco de Miranda</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Simón Bolívar</td>
<td></td>
</tr>
<tr>
<td>Ecuador</td>
<td>1822</td>
<td>José de Sucre</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Simón Bolívar</td>
<td></td>
</tr>
<tr>
<td>Argentina</td>
<td>1816</td>
<td>José de San Martín</td>
<td>2</td>
</tr>
<tr>
<td>Chile</td>
<td>1818</td>
<td>José de San Martín</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bernardo O’Higgins</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>José de Sucre</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Simón Bolívar</td>
<td></td>
</tr>
<tr>
<td>Bolivia</td>
<td>1825</td>
<td>Antonio José de Sucre Andrada</td>
<td>2</td>
</tr>
<tr>
<td>Uruguay</td>
<td>1814, 1828</td>
<td>José Artigas</td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>1922</td>
<td>José Bonifacio</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Emperor Dom Pedro</td>
<td></td>
</tr>
<tr>
<td>Central American Republic</td>
<td>1811</td>
<td>Fulgencio Yegros</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>1812–1825</td>
<td>José Delgado</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>José del Valle</td>
<td></td>
</tr>
</tbody>
</table>

**After Independence: Latin America in the 19th Century**

After winning their independence, Latin Americans were faced with many economic and political problems. With Spanish and Portuguese control at an end there was a time of confusion. During the colonial period, Spain had made all major decisions and policies through the viceroy and the audiencia. Now criollos took over the leadership. However, as we have seen, they had little leadership experience in government. Some men wanted to rule not as representatives of the people, but as dictators. The early governments of the new Latin American states had many political problems. Factions came into being, all trying to gain control of the government and ready to go to war with each other to gain that control.

The political problems came about in the following way. During the colonial period the foreign king had always been honored as the only person who had the right to rule and make laws. When the colonists did not like a law, they blamed the king’s ministers. The king was above criticism. This attitude made for great stability in Latin American politics during the colonial period.

**Changing Presidents and Constitutions**

After independence had been won, the new nations elected presidents who went in and out of office every few years. Sometimes the people suffered under dictator-presidents, who seized power with the help of the army. The new Latin American presidents, whether
elected by the people or put in power by the army, were not respected by the people as the
king had been. No one knew for sure when the army or a part of the nation might start a
rebellion.

Such rebellions often caused the overthrow of a president, as well as the constitution
under which he ruled. During the first 100 years after independence there were few Latin
American countries in which presidents or constitutions won the respect and loyalty of the
people.

There was no country in Latin America in which a government was not overthrown or a
constitution torn up. Since independence, the average life of a Latin American constitu-
tion has been about 20 years. (The U.S. Constitution, with only a few changes, has existed
since 1789.)

**Rise of Powerful Armies**

Another important change was the position of the army in Latin America. The kings of
the colonial period did not need armies to keep law and order; they had the fear and
respect of the people. During the wars, however, armies of independence came into exis-
tence. They were not under good control and were neither well clothed nor well fed.

In many places, these armies took food from the peasants and the landowners. They
forced towns to give them food, clothing, and money. If the money and goods were not
given, the soldiers took hostages or killed the town leaders.

After the wars for independence, the new governments were too weak to control their
armies. At the same time, the presidents needed the armies to remain in power and to
keep law and order. In many cases, the leader of the army became the dictator of the coun-
dry. *Golpe de estado* (coup d’état) has been a traditional method for army officers to gain
control of Latin American governments.

**Rise of the Caudillo ("Strong Man")**

The lack of national unity, weak political leadership, and inexperience in government
were great problems for Latin American rulers to overcome. As we have seen, politics was
marked by violence. Democratic elections very seldom took place. A desire for peace and
law and order at any cost soon developed among the peoples of Latin America.

As a result new forces were created that tried to bring about order and stability. Two of
these were the *caudillo* or *cacique* ("strong man"), and the power of the army.

The caudillo ruled as a dictator with little opposition and with a strong, firm hand.
Many a caudillo gained power with the help of the army and without being elected. There-
fore, his power and continuing rule depended on protecting himself. Aware of the power
of the army, the caudillo attempted to gain and keep its support by rewarding the officers
with large salaries and other benefits. These rewards were paid at the expense of needed
reforms to aid the less advantaged.

**Persistence of Serious Inequalities**

After the wars for independence, the social system in Latin America remained as
unequal as it had been under foreign rule. A small group of large landowners, merchants,
mine owners, lawyers, and foreigners continued to control wealth and power. The church
also remained powerful. It struggled to keep the lands and privileges it had gotten during the colonial period.

This concentration of wealth and power led to the formation of two political groups and, in time, two main political parties. The Conservatives were the party of the rich and the church. This group was sometimes called the Clerical (Church) party. The Liberals, sometimes called the Anti-Clerical party, were also Catholics. However, they were against the church owning so much land; they wanted the land to be divided more fairly. The Liberals also wanted a better distribution of wealth and more control of the army.

There were several other results of the wars for independence. Many mestizos, mulattos, and black slaves had fought in the wars. About one-third of the army of José de San Martín, independence leader in Argentina and Chile, was made up of black soldiers. Therefore, the old colonial laws, which had strict rules classifying people according to birth (noble or peasant) and color, were swept away. So were the laws that gave legal privileges to whites while denying them to people of color. All the new constitutions contained written statements that all citizens were equal regardless of birth or color. (Haiti was the exception; whites were not given equal treatment in this black republic.) These constitutions no longer allowed the terms “criollo,” “mestizo,” “mulatto,” and “indio” to be used in legal documents, or in setting taxes or owning land.

Independence probably hastened the end of slavery in Latin America. Haiti and Chile abolished (did away with) slavery during the wars of independence. Most other nations abolished slavery before 1850. It continued in Peru until 1851, and in Colombia and Venezuela to 1854. Brazil waited until 1888 and therefore was the last nation in the New World to end this terrible and brutal practice.

Economy

A visitor traveling through Latin America would notice many differences in the economies of the various countries of the region. Agriculture varies widely, according to the soil and climate. Mineral deposits are very plentiful and important in some countries but have little or no importance in others. In some areas there have been impressive advances in industry and manufacturing and industry has a firm base; in other areas it is still largely absent.

Agriculture

Partly because industrialization is only in its beginning stages in most of Latin America, agriculture is unusually important in the economies of most of the countries.

Agriculture is the way of life for most Latin American people. The main method of earning a living is farming. Agriculture has been the backbone of the economy of Latin America from the earliest days of human existence in the region.

The Pre-Columbian peoples developed a great variety of food plants that contributed to the creation of successful economies. The Maya, Aztecs, and Incas never invented the plow since much of the farm land was mountainous. In areas where fertile and plantable land is scarce, as in the Andes, digging the soil with a hoe resulted in the production of more food per acre than was possible with plow agriculture. (In Japan, where the land is similar, hoe agriculture also developed, while plow agriculture did not.)
Because of the rugged topography, the Incas of the Andes had to develop techniques that were remarkably "modern" and scientific. They terraced the mountainsides, irrigated the soil, and grew only the crops that would flourish best.

The Land

At the time of the Spanish conquest, Indian agriculture was concentrated in the fertile valleys of Mexico and in the carefully irrigated terraces of Peru. The Spaniards were more interested in raising livestock than in producing food crops. After the conquest, they seized the best lands and made them into pastures for animals. In Peru, the terraced fields were overrun by livestock and ruined.

The best lands eventually became part of large Spanish estates, while the majority of the Native Americans and immigrants had to farm on land that had limited agricultural value. This tragic situation has had much to do with Latin America's historic poverty. In all of Latin America only a very small part of the land can be used for farming. As we have seen, much of the land is covered by mountains, jungles, and desert. Large parts of the Andes Mountains are too high and cold for large-scale farming. The soils of the rain forest and dry grasslands are poor, and the deserts cannot support life.

Main Crops

Yet despite these difficulties, much is raised. The chief crops of the Amazon and Orinoco rain forests are bananas, yams, and manioc (tapioca). Every two or three years the Indians of this jungle area have to move from one clearing to another because the soil wears out quickly. Heavy rains leach the minerals from the soil. From the rain forest also come many products that are useful to people in other parts of the world. These products include mahogany and other hardwoods, chicle for chewing gum, and cinchona bark, from which is made quinine (a medicine used to treat malaria). Bananas are the main product of the rain forest and bring in the most money when they are exported.

As you remember, grasslands (savanna) are found north and south of the Amazon rain forest. The southern half of Brazil and the llanos of Venezuela in the north have a tropical savanna climate. This means there are two seasons, one rainy and one dry.

The savannas have poor soil for growing crops because of leaching. However, a number of cash crops for export are grown here. Sugarcane is the chief crop of these tropical grasslands; the hot weather, the rainy growing season, and the dry harvest time are good for growing sugar. Brazil, Puerto Rico, and Cuba are among the world's leading sugar producers. Another important export crop is henequen (sisal), from which rope is made. An important area for raising henequen is the Yucatán Peninsula of Mexico.

The vertical climate has a great effect on farming. (See page 626.) It should not surprise you that the farming can also be described as vertical. As the climate changes when you go higher, so does the farming. In the hot, dry lowlands (Tierra Caliente) there are plantations of bananas and cacao beans. Cacao beans grow inside large, green, cucumber-shaped pods on the trunk and larger branches of a tree called the theobroma ("food for the gods"). The beans are dried, ground, and roasted. From them chocolate, cocoa, and cocoa butter are made. Brazil, Ecuador, and Venezuela are large producers of cacao.

As you travel higher into a cooler climate (Tierra Templada), coffee becomes the main crop. In Brazil coffee is grown on large plantations called fazendas. In the Brazilian highlands the terra rosa (red soil) is rich in iron and potash. Coffee trees grow best in this soil. The trees are planted on the sloping hillsides, which allow the rainwater to run off easily. At first the coffee beans are green, but during the hot, rainy summer they turn red and open. During the dry, cooler winters the beans turn brown and are picked. Two-thirds of
the world's coffee comes from Brazil. Other producers of coffee are Colombia, El Salvador, Guatemala, Mexico, Venezuela, and Cuba.

Many Native Americans live in the higher altitudes (Tierra Fría). On the steep mountainsides they raise subsistence crops (crops that meet their needs), such as wheat, barley, beans, potatoes, and maize (Indian corn). They graze herds of sheep, llamas, and burros.

Corn, a basic food in the diet of millions of Latin Americans, was raised by the Native Americans long before the Spanish came. Brazil, Argentina, and Mexico are leading producers of corn. In Brazil and Argentina, corn is grown chiefly as feed for livestock. In Mexico, it is an important food for people.

Three countries in Latin America have become leading producers of cotton. Mexico grows more cotton than any other Latin American country. The irrigated lands of north-central Mexico are the most important areas of cotton raising. The best-quality cotton in Latin America comes from the irrigated valleys in the deserts of Peru. Two areas, one near Natal and the other centering around São Paulo, have helped to make Brazil a leading producer. Cotton is also raised, although in lesser amounts, in the Gran Chaco of Argentina. It is interesting that the finest cotton can be grown in dry areas all over the world because of the miracle of irrigation.

Cattle Raising

The humid subtropical area along the southeast coast of South America has the best cattle-grazing land. The summer is long and hot; the winter, short and mild. The famous pampas (plains) of Argentina are in this area.

The deep, black soil of the pampas is so rich that fertilizers are hardly ever needed. The pampas are divided into estancias, where the cattle are taken care of by gauchos. The gauchos of the pampas of Argentina, Uruguay, and Paraguay are in some ways like the cowboys of the American West. Like the cowboys, the gauchos hold a place in the exciting and romantic legends of their countries. Also, the gauchos developed an independence and a free way of life on the vast open plains, as their North American counterparts did in the West.

In the 16th century, Spanish colonists brought cattle and horses to Argentina. Some of these animals escaped into the open grasslands of the pampas. Without natural enemies, the horses, sheep, and cattle began to multiply rapidly.

In the meantime, a mestizo population began to develop on the edges of the pampas. Some of these mestizos captured the wild horses, tamed them, and used them to hunt down the wild cattle. The cattle were killed for their meat and hides.

By the beginning of the 18th century a nomadic gaucho culture had grown. Living by their own laws and customs, the gauchos created a "Wild East" in the open lands of the pampas, east of the Andes. In the late 19th century, the equivalent of the "sodbusters" came to the pampas, just as they did to the Great Plains of the American West. These Spanish and Italian immigrant farmers began planting wheat and putting up fences, closing the open range and ending the gaucho's way of life as it had been created.

Today, gauchos continue to work on ranches in Argentina and Uruguay. But now they collect wages and live in houses with their families. Their nomadic, outdoor life and culture are a romantic part of their past history.

The cattle are raised chiefly for the meat. Large amounts of alfalfa are grown as food for the cattle. Wheat and corn are grains grown in this rich, black earth. Argentina is the world's leading exporter of beef and wheat. Unlike the rest of Latin America, most of Argentina's trade is with Europe, not the United States. (Can you discover the reasons for
Brazil has more cattle than any other country of Latin America, but Brazilian cattle are of poor quality and are used mainly to provide hides. Argentina and Uruguay are among the world’s leading sheep-raising countries.

Cattle raising is also important in the llanos of Venezuela. The land is divided into haciendas, and is worked by llaneros (cowboys). Cattle graze near the rivers where there is grass. They are raised for their hides, and rarely for their meat.

After Mexico was conquered by Cortés, the king of Spain gave large sections of land to the Spanish soldiers and their officers as a reward for their services. As time passed, these land grants were turned into large farms and ranches called haciendas. Farmers (peonos or campesinos) without land worked on the hacienda for little or no pay. In most cases the peon was given a small piece of land to farm for his own use. In other cases he received a part of the crop in return for his labor.

The hacienda system lasted through the entire 19th century and well into the 20th century. In the 1920s, after the Mexican Revolution, the largest haciendas were broken up. Smaller blocks of land were given to the landless peasants (peonos). In addition, the government built houses for the peasants. The individual farmers worked as a group. The new system of land holding was called the ejidos system. In this system, farms are owned and operated by individuals, by several families, or by whole villages. In some cases the peons share in all of the work and all of the profits. On other ejidos the peons work only their own plots of land and keep all the produce and profits. Mexican farmers like this system because it allows them to own the land they work.

Ejidos are an important part of Mexico’s agriculture. About half of all Mexico’s farmland belongs to ejido peons. On most ejidos, each peasant owns 25 to 50 acres. These farms produce about half of Mexico’s cotton, wheat, and rice. Harvests are low, however, because most farmers need better tools, machines, and fertilizer. They must be taught about the planting and care of other crops and new methods of farming. But most of all they need more land.

Latin America has sometimes been called a region of “one-crop countries.” For example, Brazil and Colombia have at different times depended on one crop, coffee, for their incomes. The countries of Central America depend on the sale of bananas. Guatemala and El Salvador get more than half their export sales from coffee. Cuba and Puerto Rico depend on sugarcane; Argentina relies on beef. This kind of single-crop economy is called monoculture. If the crop is poor or its market price drops, the whole country suffers greatly.

Much of the fertile land in Latin America is occupied by large plantations, many of them owned by foreign businesses or by a few wealthy families. Because much of the land is in the hands of a few owners, and there are few factories, many Latin Americans have become agricultural workers. The plantations are in many ways like factories. Workers live and are fed in large buildings. They are paid low wages and have few luxuries and not very many of the necessities of life.

There are millions of campesinos whose farms are small and who have a low standard of living. Many of these campesinos are Native Americans whose land is poor in quality or is located where transportation is very poor. Because they have almost no education, their ways of farming are backward. They find it hard to grow enough to give their families more than a subsistence living.

The poverty of the people is the biggest problem of the area. They do not eat the right foods. They grow barely enough food for their families, and their health is poor. Because
they have so little money, they cannot afford good school and health services. Many cannot read or write.

The number of people in Latin America is increasing so fast that the population will probably double in the next 20 years. Most of the growth is taking place among the poor families. This fact only makes the situation worse, since there is already a problem in raising enough food for the present population.

Despite the money that the plantation crops may bring into the countries of Latin America, economic growth in the region has not been great. Most of the people earning a living by agriculture remain subsistence farmers or poorly paid agricultural workers.

Better agricultural production is necessary to improve the economy of Latin America. The region’s leaders agree that their nations must increase production from the land, and most important—give more of the profits to the people who do the farming.

It is estimated that between 10 and 15 percent of all Latin Americans own 90 percent of the agricultural lands. The big landowners organize political parties and, through them, control local government. They are unwilling to support land reform laws that would weaken their power and lessen their wealth.

In spite of the big landowners’ opposition, several nations have started land reform programs. As we have seen, the ejido system in Mexico is an attempt at reform. Also in the 1950s and 1960s several nations acted to break up large estates. Venezuela began a planned program of land reform in 1957. Since then, millions of acres have been broken up into smaller farm units. Fidel Castro, following the Communist model, divided most of Cuba’s large estates into collective and state farms. In addition, reform-minded military governments began farmland reform, but their work was interrupted by poor world economic conditions and revolution. In Chile, for example, land reform was begun in the 1960s and continued through 1973. When Salvatore Allende was overthrown by a repressive military junta in 1973, most land-reform plans ended.

Even if all land were divided equally, other reforms would be needed. Farmers must be given the opportunity to learn modern ways of farming and proper scientific care of the land. Also, loans must be made available at low interest rates to allow farmers to buy better tools, seeds, and fertilizer. Despite improvements in transportation, more improvements are needed to enable Latin American farmers to get their goods to market. Unless these improvements take place, division of the land into smaller plots would mean less production, not more.

Experts had feared that the 44 billion dollar debt that Brazil owes to private banks would crush the economy of the country. In 1991 and 1992, however, Brazil, the biggest Third World debtor, worked out an arrangement with 19 banks representing 300 private creditors. The banks agreed to extend the time for repayment of the debt. Brazil in return promised to repay the entire amount in smaller payments of principal and interest. In addition, Brazil agreed to enact economic reforms, mainly to control inflation and open up the country to foreign investment.

Natural Resources

Latin America has abundant natural resources. Within the vast area of Latin America there are rich mineral deposits, dense forests, and fast-flowing streams. The forests and the mineral deposits provide raw materials for modern industry in many parts of the world.
Forest Resources

About 40 percent of Latin America is covered with forests. Half of this area is in Brazil, from which mahogany, ebony, cedar, and pine are obtained. In Argentina, quebracho trees supply tannin, which is used to cure (tan) leather. The quebracho has a hard wood that decays (rots) very slowly. It is used for housing, railroad ties, and fence posts. Another forest product is yerba maté. The leaves of the yerba maté bush are used to make a drink called maté, something like our tea. The tropical forests of Latin America also produce rubber, carnauba wax (used as a polish and in phonograph records), Brazil nuts, and chicle.

Compared with the number of people who work on farms in Latin America, there are not many people working in the mines. Yet minerals are an important resource for the area. Much of this great mineral wealth is not used in Latin America but is exported to the industrial nations of the world.

<table>
<thead>
<tr>
<th>Mineral</th>
<th>Where Found</th>
</tr>
</thead>
<tbody>
<tr>
<td>Silver</td>
<td>Mexico (first in the world), Argentina, Colombia, Peru, Bolivia, Costa Rica, Ecuador</td>
</tr>
<tr>
<td>Tin</td>
<td>Bolivia</td>
</tr>
<tr>
<td>Copper</td>
<td>Chile (Atacama Desert), Argentina, Bolivia, Colombia, Cuba</td>
</tr>
<tr>
<td>Nitratees (fertilizer)</td>
<td>Chile (Atacama Desert) (first in the world)</td>
</tr>
<tr>
<td>Oil</td>
<td>Venezuela, Mexico, Colombia, Argentina, Trinidad, Peru</td>
</tr>
<tr>
<td>Iron ore</td>
<td>Venezuela, Peru, Chile, Brazil, Argentina, Guatemala</td>
</tr>
<tr>
<td>Aluminum (bauxite)</td>
<td>Surinam (first in the world), Guyana (second), Jamaica</td>
</tr>
<tr>
<td>Iodine</td>
<td>Chile</td>
</tr>
<tr>
<td>Manganese</td>
<td>Brazil, Cuba</td>
</tr>
<tr>
<td>Antimony</td>
<td>Bolivia, Mexico, Peru</td>
</tr>
<tr>
<td>Platinum</td>
<td>Colombia (third in the world)</td>
</tr>
<tr>
<td>Diamonds</td>
<td>Brazil (second in the world)</td>
</tr>
<tr>
<td>Uranium</td>
<td>Brazil</td>
</tr>
</tbody>
</table>

Mineral Resources and Mining

Manufacturing and Industry

There are six main reasons for the growth of industry and manufacturing in a nation or a region: (1) available natural resources, (2) capital (money or property) available for development, (3) number of skilled workers, (4) transportation and communication, (5) home markets, and (6) government support and policy.

If you looked at a list of products exported from Latin America, you would see such items as bananas, coffee, sugar, oil, beef, copper, and bauxite. All of these are raw materials. Only in recent years have the nations of Latin America begun to manufacture goods.

Industry and manufacturing have developed very slowly in South America. Let us use the six factors listed above to discover why the growth of industry has been slow.

1. **Natural resources.** Although Latin America is rich in many minerals, it has little of one of the most important, coal. Coal is important as a source of power for mills and factories, for running railroads, and for making steel. Some coal is found in Chile, Peru, Brazil, Argentina, and Colombia. Most of it, however, is either low grade or far from centers of population. A possible substitute for coal is water power; Latin America has the potential for over 75 million horsepower from water power. However, little of this resource has been developed because most of the water power is located far from centers of population.

Reasons for Slow Growth in South America
2. **Capital.** Money is also needed. Money that is used to build factories and power plants is called capital. Latin America has lacked capital for several reasons.

First, the region has a history of rapid changes of government. Foreign businesses are not eager to invest money in countries that have revolutions all the time. They are afraid that their property will be damaged or taken away.

Second, foreign investors believe they can get greater profits from the mines and plantations than by investing capital in factories.

Third, the profits that do come from the mines or plantations go outside the country, since in many cases these sources of income are owned by people or businesses in other countries.

Fourth, wealthy Latin Americans, most of whom are large landowners, use their extra money to buy more land rather than to build factories.

3. **Labor.** Skilled workers are needed for factory work. You have already learned that a large number of Latin Americans cannot read or write. Literacy is necessary for the development of industrial skills.

4. **Transportation and Communication.** Mountainous topography, thick tropical forests, and centers of population that are far apart have hampered the development of transportation and communication in Latin America. Few paved highways have been built, and dirt roads often cannot be used by automobiles and trucks. Latin America has few railroads to cover its large area. Good transportation infrastructure (basic framework) is necessary to bring raw materials to factories and to take goods to markets for sale.

5. **Home markets.** Latin Americans buy imported manufactured goods rather than products made in their own countries. Why? In Latin America most people have so little money that they cannot buy manufactured products. For this reason, few large factories are needed.

6. **Government policy.** Latin American leaders have tried to reduce the influence of foreigners in raw materials production. They followed a policy known as economic nationalism, in which the amount of taxes paid by foreign-owned companies were increased. In some cases, the government took over the foreign-owned companies, an action that does not encourage others to invest in Latin American industry.

Another fact related to this situation is that most wealthy Latin Americans do not pay taxes. To make up for this nonpayment, Latin American governments put high taxes on the profits of foreign-owned companies. As a result, profits are too low to make foreign investment worthwhile.

Despite the situation described above, progress has been made in industrialization.

For the most part Central American countries lack mineral wealth. Only Nicaragua has significant mineral deposits. In the late 1960s, gold, silver, lead, and zinc were discovered in northern Nicaragua. Mining is slowly becoming an important part of Nicaragua’s economy.

In Honduras, silver was discovered in the 19th century. By now the silver deposits have been almost used up. Honduras is turning to smaller industries, such as sugar refineries and factories that produce cement, beer, and soft drinks.

El Salvador and Costa Rica are the two most industrialized countries of Central America. Water power is the key to both countries’ success. A power station on the Lempa River fuels El Salvador’s large textile and food-processing plants. Costa Rica also has plentiful supplies of water power. Costa Rica’s main industrial products are textiles, chemicals, and leather goods.
Mexico is far ahead of its Central American neighbors in industrial development. It is the world’s largest producer of fluorite (used in glass making) and graphite. Mexico is also well supplied with other minerals, including silver, zinc, lead, and copper.

The most important boost to industry has been the discovery of many oil deposits on Mexico’s Gulf coast. Mexico may have the world’s largest supply of oil. Known deposits already exceed (are greater than) those of the United States.

Oil money has been used to build dams in the northern mountains to develop power for use in the steel and textile mills of Monterey. In addition, these dams supply water to irrigate the cotton and winter vegetables grown on the dry lands of northern Mexico.

Oil money has also been used to start up new industries and expand existing ones. But when the price of oil dropped in the mid-1980s, Mexico developed a serious debt problem that threatens to halt progress.

Mexico City, with a population of over 17 million, which makes it the largest urban (city) area in the world, is the leading industrial city of Mexico. Textiles, food processing, and chemical, paper, and fertilizer production employ thousands of workers.

If the North American Free Trade Agreement (NAFTA) among the United States, Canada, and Mexico, goes into effect, it will join 363 million consumers into the world’s largest trading zone with a combined gross domestic product of more than 6 trillion dollars.

The pact’s big winner at the outset will probably be Mexico, which lags behind the United States and Canada in industrial development. It is estimated that Mexico could gain 600,000 industrial jobs by 1995 as a result of the rollback of tariffs and reduction of quotas that now limit Mexico’s exports. In time, the United States and Canada would benefit greatly from an expected explosion of sales from a growing Mexican market.
### NORTH AMERICAN FREE TRADE AGREEMENT: STATISTICS FOR COMPARISON

<table>
<thead>
<tr>
<th></th>
<th>U.S.</th>
<th>Canada</th>
<th>Mexico</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (Gross Domestic Product) in billions of dollars (1991)</td>
<td>$5,573</td>
<td>$501</td>
<td>$283</td>
</tr>
<tr>
<td>Population in millions (1991)</td>
<td>253</td>
<td>27</td>
<td>83</td>
</tr>
<tr>
<td>Per capita income (1991)</td>
<td>$22,400</td>
<td>$21,980</td>
<td>$3,400</td>
</tr>
<tr>
<td>Hourly compensation in manufacturing</td>
<td>$14.77</td>
<td>$16.02</td>
<td>$1.89</td>
</tr>
<tr>
<td>Literacy rate</td>
<td>99%</td>
<td>99%</td>
<td>97%</td>
</tr>
<tr>
<td>Median age</td>
<td>33</td>
<td>33.5</td>
<td>19</td>
</tr>
<tr>
<td>Infant mortality per 1,000</td>
<td>10</td>
<td>7</td>
<td>29</td>
</tr>
</tbody>
</table>

Source: U.S. Bureau of the Census, U.S. Dept. of Commerce, CTA; Data Resources, Inc.

### Situation in the West Indies

As we have learned, the West Indies do not have enough mineral resources and water power to support industry. As a result, the industries that do exist revolve around agricultural products grown on the islands. Sugarcane is sent to industrial plants in the Dominican Republic and Cuba. Tobacco is processed into cigars and cigarettes in Cuba and Puerto Rico. Other industrial plants in the islands prepare coffee, cacao, and tropical fruits for export. Textiles are produced in Haiti, the Dominican Republic, and Cuba. The Dominican Republic supplies most of its neighbors in the Caribbean with dairy products, such as cheese, butter, and whole milk.

Industry plays an especially strong role in the economy of Puerto Rico. More than half of all Puerto Rican workers are involved in industry, and most of Puerto Rico’s wealth comes from industry rather than from farming. The main reason for this is the Puerto Rican self-help program, “Operation Bootstrap,” which encouraged investment from the United States and put money into the education of Puerto Ricans.

### Recent Progress in South America

Most South American countries still depend on the export of raw materials, such as food products and metals, for most of their income. In some countries, however, manufacturing industries are growing quickly.

Steel mills, chemical and cement factories, and wood-processing plants are increasing in Argentina, Brazil, and Chile. Transportation facilities and roads are being improved and expanded. The area around São Paulo and Rio de Janeiro in Brazil has become a huge manufacturing district. Brazilian petroleum products, machinery, automobiles, tires, furniture, radios, television sets, and clothing are exported throughout the world.

Food processing and canning are important industries. Argentina is the leader, with a large meat-packing and meat-processing industry. Colombia and Brazil process sugar and coffee. Chile converts grapes into wine that is sold at home and abroad.

The wood products industry is growing in Latin America, particularly in Colombia. Wood is made into pulp, paper, and building materials, and plywood for the building industry is produced in Colombian factories. The manufacture of furniture, exported to the United States for the first time in 1969, is a promising industry.

The textile industry is spreading widely throughout Latin America. Ecuadorian and Peruvian mills usually make products from natural materials—wool, cotton, or silk—rather than synthetic materials such as Orlon, nylon, and Dacron. The major reasons for this growth have been:

1. Loans from the World Bank and the International Monetary Fund were used to improve roads and build factories.