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CHILE AND ZEITLIN AND RATCLIFF'S
LANDLORDS AND CAPITALISTS

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Coffee, Copper, and Class Conflict in Central America and
Chile: A Critique of Zeitlin's Civil Wars in Chile and
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Breakthrough is a much overused word in discussions of scientific works but there are at least two respects in which the works of Zeitlin and Ratcliff¹ merit the term. First, their work is an important step in the liberation of sociology from the dead hand of functionalism both Marxian and non-Marxian. Second, it represents a sharp break with the narrow statistical concerns which have dominated the recent past in sociology while demonstrating the continued importance of evidence and scientific reasoning. Neither of these achievements is, of course, limited to the works of Zeitlin and Ratcliff and they represent important trends in the discipline as a whole. The works under review, however, combine them in a particularly striking way in a major demonstration of the power of the comparative historical study of class and class conflict.

The two works are complements. Landlords and Capitalists is a detailed empirical study of interlocks among dominant Chilean economic actors and demonstrates just that--the landlords and capitalists of twentieth century Chile are and were part of the same intermarrying maximum kin group. These landlord capitalists also represent foreign capital in Chile and control key positions in the Chilean political system. The empirical results are striking. Within a "central core" of just 137 individuals linked by kinship and intermarriage were found 51 percent of corporate executives belonging to major capitalist families while 82 percent of executives with no capital in their families were outside of this central core.² Similarly, 82 percent of corporate executives from great landed families were within the central core while 90 percent of corporate executives from landless families were outside the central core. The data and analysis remind us of something we should never have forgotten--with a good theory and well chosen measures the findings will emerge whatever statistical technique is employed.

The Herculean labors of Zeitlin, Ratcliff and their research assistants in the analysis of the kinship and economic ties of some 6,000 individuals have led to an elegant result: landlords, foreign and domestic capitalists, and political leaders are all members of one closely related kinship group. Zeitlin and Ratcliff have provided solid empirical confirmation of a pattern which is familiar elsewhere in Latin America. In Costa Rica, for example, Stone has demonstrated that half of the major coffee growers in the nineteenth century were descended from or married to

descendants of just two colonial families. Three families, including these two, produced 33 of the 44 presidents of Costa Rica between independence and 1970.³ In Peru Gilbert has demonstrated that 73 percent of 30 oligarchic families had a representative on the board of a commercial bank, 80 percent owned an export plantation or mine, and a third controlled a newspaper. In fact as late as 1964 all of the five major Lima dailies and ten of the nineteen largest coastal agricultural enterprises were controlled by oligarchic families.⁴ In El Salvador the 26 family groups producing 10,000 quintals or more of coffee included 23 coffee processors, 12 of the 14 largest producers of cotton, 9 of the top 10 sugar growers and 15 of the top 24 coffee exporters.⁵ Coffee wealth formed the basis of the family fortunes of almost two-thirds of the Salvadoran financial elite.⁶ It is with reason that Edelberto Torres-Rivas describes the Central American economic elite as a three footed beast with a foot firmly planted in agriculture, finance and industry.⁷ That this pattern should persist in a much more industrial Chile may be surprising but it is consistent with the pattern of Latin America's agrarian past.

But why should the dominant class of Chile represent a fusion of land and domestic and foreign capital? In Civil Wars in Chile Zeitlin attempts to answer this question and also explain the perplexing failure of a bourgeois democratic revolution in what seemed, in the mid-nineteenth century, an aspiring industrial power. Zeitlin rejects the idea that a dominant class must come into being as a result of some functional necessity of either capitalist economies or the capitalist world system. Instead he demonstrates that the rise of the landlord capitalist coalition and the fall of a independent national bourgeoisie is a result of the constellation of internal class forces during two nineteenth century civil wars. It is the dynamics of internal class conflict, Zeitlin claims, not position in the world system or a dependent economy which led Chile into underdevelopment. If what did not happen historically had happened Chile today might be part of the capitalist core rather than the periphery and dependency theory, which was in part a Chilean product, might have had to develop elsewhere. Zeitlin demonstrates the emergence of the landlord capitalist alliance through a detailed analysis of historically acting classes. This is much harder, although more rewarding, than deducing political and economic outcomes from position in the

world system or from a dependency relationship. As E.P. Thompson has observed, "Class is defined by men [and, he should have said, women] as they live their own history, and, in the end, that is its only definition."⁸ The historical analysis of class divisions by economic interest lends strong support to the general argument.

So Zeitlin and Ratcliff have made an important contribution to historical sociology and supported their theoretical ideas with clear cut empirical results. But as in any path breaking work more questions remain at the end than were raised at the beginning. Although in Civil Wars Zeitlin stresses that classes can only be defined by historically specific action, the only action taken by the classes studied in Landlords and Capitalists is getting married. We are shown that an intermarried maximum kin group controls Chilean political economy but we are not told what forces other than kinship hold the landlords and capitalists together. Although there is much discussion of economic forces in Civil Wars it is a long time between 1891 when the defeat of Jose Manuel Balmaceda ushered in the landlord capitalist alliance and 1973 when this same alliance (and some of the same families) conspired to overthrow Salvador Allende. The dead hand of the past, whatever its retrograde power, cannot span a century without intervening patterns of interest. As Zeitlin acknowledges the conflict over Balmaceda's policies split a dominant class tightly linked by personal and, presumably, family ties. It would not be the first time that Civil war or revolution divided families. Inter-marriage cannot be a cause but must be a consequence of underlying patterns of class cohesion.

But what are these underlying patterns of cohesion? Is it all simply a matter of "historical specificity." Could the nitrate capitalists of nineteenth century Chile have thrown in their lot with the Chilean copper miners and industrialists and supported Balmaceda against the reactionary land owners or was the coalition between land and nitrate capital predetermined? Zeitlin argues that what could have happened did not happen. But why not? Although the historical narrative suggests many answers to this question no single answer is given. Landlords and capitalists in twentieth century Chile stick together but why? What prevents this dominant class from splitting down the middle as did the dominant class in twentieth century Nicaragua? Under what

circumstances do land and capital coalesce and when do they fight one another in civil wars?

When does a national bourgeoisie join with foreign interests and when does it oppose them? We know that land and capital coalesced in Chile and allied themselves with foreign capital; we do not know if this is simply a Chilean or Latin American pattern or if it reflects a general principle of class formation. And it is this search for general principles which has always characterized our discipline and set it off most clearly from history as it was traditionally practiced.

If I had the answers to these questions, of course, I would be the author and Zeitlin and Ratcliff the critics, but let me suggest some directions we might want to move in the future. At the beginning of Landlords and Capitalists Zeitlin and Ratcliff quote approvingly Anthony Giddens observation that the most important "blank spot" in the theory of classes is the process by which economic classes become social classes. In Civil Wars we find a detailed description of the nineteenth century Chilean mode of production. In Landlords and Capitalists there is a detailed analysis of a class as a social group. We still lack, however, a set of rules for going from production organization to social class. What is lacking is, as Arthur Stinchcombe⁹ has suggested, a sociology of the economic enterprise. Such a sociology of the enterprise would include both the internal structure of the enterprise and the patterns of interest and accommodation which link it with other enterprises. Together these patterns form the basis for social and political cohesion. In the case of the underdeveloped world these patterns are clearly decisively influenced by the capitalist world system but they are also influenced by the structure and organization of local enterprise both before and after contact with the world economy. So we need both a theory of enterprise and a theory of how the enterprise links with the broader world economy. Such a theory would involve fine grained and probably historical study of local or "micromodes" of production in a kind of analysis that Albert Hirschman has called "micro-Marxism."¹⁰

Hirschman shows that it makes a great deal of difference in economic development whether you grow coffee or sugar or even whether you grow coffee the way they do in Brazil or the way they do in Guatemala. In all these cases world economic forces exert a profound influence but national economic histories and local micromodes make a decisive difference. I have argued the same thing

for patterns of revolutionary activity¹¹ and many other social and political consequences have been traced to local micro-modes of production in case studies.¹²

Let me exercise the prerogative of all comparative sociologists and choose an example from an area of the world, Central America, which I know better than does the average Chilean specialist. If we compare the coffee elites of El Salvador and Nicaragua, for example, we find that in El Salvador coffee land and capital in industry and finance are fused much the way they are in Chile. In Nicaragua, by contrast, there has been remarkably little migration of coffee capital into industry or finance. The two principal non-Somoza economic groups in pre-revolutionary Nicaragua were based on capital from sugar and cotton, not coffee. The political consequences of these differences in class structure are well known. In El Salvador the coffee oligarchs were and are remarkably united in resistance to both reform and revolution and they remain almost as cohesive today as they were before 1979. In Nicaragua as much as half of the agrarian bourgeoisie in coffee may have defected to the Sandinistas and some actively aided them in their struggle even at the risk of their own lives.¹³

The strength of the coalition between land and capital is, as Zeitlin acknowledges, a variable not a constant. In El Salvador and Nicaragua the strength of this alliance differs because the history and economic organization of their respective coffee systems have been distinct. In El Salvador the rationalization of coffee production led to the industrialization of processing and capital generated in these activities migrated into export where it grew further and coalesced into financial institutions and, later, migrated into real estate, trade and industry. The ties linking the Salvadoran oligarchs are stronger than blood; they are chains of capital and production. Production, processing, export, finance and industry are linked in El Salvador because a rationalized coffee industry favors vertical integration and vertical integration favors the accumulation of capital. It is true that Miguel A. Salaverria of the powerful land owning clan married the daughter of Frederico Prieto, himself a major producer and the fifth largest exporter in pre-1979 El Salvador. But Mr. Salaverria's position as manager of Prieto S.A. and his presidency of the Association of Coffee Processors and Exporters owe as much to the vertical

integration of the Salvadorian coffee industry as they do to family ties. Marriage is simply an indicator, and sometimes a fallible one, of underlying patterns of economic interest.

In Nicaragua history created a very different enterprise structure in the coffee industry. The American intervention and subsequent guerrilla war devastated the principal coffee region and weakened a coffee elite who might have pushed for the economic rationalization of the industry. Exports fell into the hands of the state and American banks; technology stagnated; processing never developed; capital accumulated in a few privileged hands; and lucrative enterprises outside coffee often fell into the orbit of the Somozas. The result was a still born coffee elite which lacked internal coherence and was largely excluded from political and financial power. Class cohesion, which had grown out of vertical integration and capital accumulation in El Salvador, was lacking in Nicaragua. When the Sandinistas came for Somoza he found his fellow coffee growers, or their sons, on the other side.

But have we not returned to historical specificity--in this case the fact of United States intervention? I think not. Foreign intervention, like foreign investment, is tied to international political economy. Imperial powers intervene only when there are imperial interests to defend. Both Salvador and Nicaragua had remarkably low levels of direct United States investment but Nicaragua had a potential canal route and El Salvador, with only one coastline, did not. The hegemonic imperial power in 1912 intervened in Nicaragua to protect its geo-political position just as England and Spain had done in their time as centers of imperial ambition. In Chile economics as well as geopolitics controlled intervention. In distinct contrast to both Nicaragua and El Salvador the intensive capital requirements of both nitrates and copper led to foreign direct investment and foreign intervention in defense of these investments in both the 19th and the 20th centuries. Salvador and Nicaragua had low levels of direct investment because there was so little to invest in. The coffee industry requires little initial capital, demands no advanced industrial technology, and presents risks that are unattractive to major corporate actors. There was no alliance between foreign capital and the coffee landlord-capitalists (the Somozas excepted) because there was so little foreign capital. Chile's position in the world system as a dependent supplier of

a primary commodity, which happened to require substantial foreign capital and technology, insured that the winning coalition would be an alliance between foreign capital and landlord capitalists. Zeitlin tells us who won in Chile but not why they won. It was not historical specificity that prevailed in Chile, but the overwhelming power of world political economy which set the framework in which historically specific classes acted. Had Chileans produced coffee rather than nitrates and copper, Balmaceda might have won, but he would not have had the capital to develop what would have certainly been an overwhelmingly agrarian nation.

The goal of the sociological enterprise is, of course, to produce valid generalizations about social structure, not, as we once believed, generalizations valid in all times and places but at least valid for specified historical and developmental conditions. In Central America, for example, vertical integration united and lack of vertical integration divided the El Salvadoran and Nicaraguan coffee elites, respectively. Perhaps this is a general consequence of vertical integration in dependent export economies. Or we might suggest on the basis of the sketchiest of comparisons between Central America and Chile that the integration of land and national and foreign capital is most likely in vertically integrated production systems requiring large amounts of capital and technology in agrarian societies with strong land owning classes. Or that vertically integrated production systems which do not require substantial capital investment or advanced technology in agrarian societies with a strong landed elite are likely to unify land and national capital but exclude foreign capital. Or that in the absence of an integrated production system or one requiring large amounts of capital or technology a landed elite will coalesce with neither national nor foreign capital. Any or all of these propositions may be true or false and they are not intended as substitutes for the empirical findings of Zeitlin and Ratcliff nor even as the most promising candidates for future research. But they do represent the kinds of propositions which we will need if we are not only to discover the consequences of Civil Wars in Chile and Central America but to understand their causes as well.

NOTES

1. Maurice Zeitlin, The Civil Wars in Chile (or the bourgeois revolutions that never were) (Princeton: Princeton University Press, 1984); Maurice Zeitlin and Richard E. Ratcliff, Landlords and Capitalists: The Dominant Class of Chile (Princeton: Princeton University Press, forthcoming).
2. Zeitlin and Ratcliff, Landlords, pp. 152-153.
3. Samuel Stone, La dinastía de los conquistadores (San Jose, Costa Rica: Editorial Universitaria Centroamericana, 1982), pp. 189-191.
4. Dennis J. Gilbert, "The Oligarchy and the Old Regime in Peru" (Ph.D. dissertation, Cornell University, 1977), pp. 344-345; 352-353.
5. Enrique Baloyra, El Salvador in Transition (Chapel Hill: University of North Carolina Press, 1982), pp. 25-27.
6. Jeffery M. Paige, "Coffee and Politics in Central America," in Crises in the Caribbean Basin, ed. Richard Tardanico, Political Economy of the World-System Annuals, Vol. 9 (Newbury Park: SAGE, 1987), p. 184.
7. Edelberto Torres Rivas, "State Making and Revolution In Central America," lecture given at the Center for Research on Social Organization, University of Michigan, November 19, 1982.
8. E.P. Thompson, The Making of the English Working Class (London: Victor Gollancz, 1963), p. 11.
9. Arthur L. Stinchcombe, Economic Sociology (Orlando: Academic Press, 1983), p. 6.
10. Albert O. Hirschman, Essays in Trespassing (Cambridge: Cambridge University Press 1981), "A Generalized Linkage Approach to Development with Special Reference to Staples," p. 89.
11. Jeffery M. Paige, Agrarian Revolution (New York: The Free Press, 1975).
12. See Hirschman's "A Generalized Linkage Approach to Development," in his Essays for a review of such studies.
13. Estimate based on author's interviews in Nicaragua July-August 1986; data presented in Orland Nuñez Soto, "El Somocismo y el modelo capitalista agroexportador (Managua: Departamento de ciencias sociales de la Universidad Autonoma de Nicaragua, n.d.); Ministerio de desarrollo agropecuario y reforma agraria, "Lista de Productores de algodón inscritos en el sistema nacional para el ciclo agrícola 1983-1984, mimeographed (Managua: Ministerio de desarrollo agropecuario y reforma agraria, October, 1983); Alicia Gariazzo, Eugenio Incer, David Dye y Rosa Maria Soley, "El subsistema del café en Nicaragua (Paper presented at the Second Seminar on Central America and the Caribbean, Managua, February, 1983); and unpublished data provided by David Dye.

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