

Dependency theory in Eduardo Galeano's Open Veins of Latin America

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*This year marks the 50th anniversary of the publication of the classic account of imperialism and the struggle against it in Latin America, *The Open Veins of Latin America*, by the late Uruguayan radical writer Eduardo Galeano. The ISP is proud to publish this translation of a reflection on *Open Veins*, 50 years later, written by the Argentinian Marxist economist Claudio Katz, and presented at the **International Seminar** marking 50 years since the publication of *Open Veins*, at Universidad de la República del Uruguay, Montevideo, June 23, 2021. Translated by Bridget Broderick and Lance Selfa.*

The Open Veins of Latin America (*Las venas abiertas de América Latina*) begins with a phrase that sums up the essence of Dependency Theory. “The international division of labor consists in the fact that some countries specialize in winning and others in losing. Our region of the world, which today we call Latin America, was precocious: it specialized in losing since ancient times.”^[i] This brief sentence offers a concentrated and highly illustrative image of the dynamics of dependence. For that reason, it has been quoted on countless occasions to portray the historical status of our region.

Galeano's book is a key text in Latin American social thought, converging with the emergence of Dependency Theory and contributing to the popularization of that concept. The first edition of *Open Veins* coincided with the general rise of the dependency theoretical approach. Yet throughout the work it exhibited a special affinity with the Marxist view of that theory, developed by Ruy Mauro Marini, Theotonio Dos Santos and Vania Bambirra. This view postulated that Latin American underdevelopment is due to the loss of resources generated by the region's subordinate insertion into the international market.

Galeano was an early promoter of this approach in Uruguay and his book surveys Latin American history from a dependency perspective. He illustrates in a very comprehensive way how the “mode of production and class structure have been successively determined from outside, through an infinite chain of successive dependencies...that led us to lose even the right to call ourselves Americans.” He reminds us that “as part of the vast universe of peripheral capitalism,” the region “was subjected to plundering and the mechanisms of dispossession.”^[ii]

This characterization of frustrated development in Latin America coincided in the 1970s with a broad historiographical production of the same nature. These studies detailed the barriers that dependence imposed through the U.S.'s repeated economic expansion. Galeano took an approach very similar to that presented in the research of Agustín Cueva and Luis Vitale.^[iii]

The Uruguayan thinker developed a complex history of the region focused on the four components of Latin American Marxism of the time. He denounced the plundering of

natural resources, criticized the exploitation of the labor force, emphasized the resistance of the peoples and subscribed to a socialist project for emancipation.

Galeano developed his text by synthesizing several disciplines, giving birth to a story that is striking in its literary beauty. The text's warmth moves the reader and produces an effect the author explicitly sought.

He decided to disseminate a "popular manual that talks about political economy in the style of a romantic novel." And he had overwhelming success with this surprising enterprise. Galeano commented that he followed the path of "a non-specialized author," who has embarked on the adventure of unraveling the "facts that official history hides."^[iv] He approached this goal with a language far removed from "set phrases" and distanced from "declamatory formulas." He achieved this ambitious goal in a striking piece of work.

Galeano left behind stiffness, academicism and cold discourse. He used a language that shook millions of readers and inaugurated a new code to render the dramatic Latin American reality visible. *Open Veins* inspired a legion of writers who adopted, developed and enriched this way of portraying the dispossession and oppression that our region suffers.

Conceptual politics and political affinities

Galeano aligned himself with the radical current of dependency theory led by Marini and Dos Santos, in stark contrast to the eclectic and descriptive trend headed by Fernando Henrique Cardoso. *Open Veins*' affinity with the first conception is verified throughout all statements in the book.

In *Open Veins* he did not limit himself to describing economic delays resulting from misguided political models, nor did he view dependence as an occasional or merely negative feature. Nor did he favor the partnerships with foreign capital that Cardoso promoted as a solution to the region's backward state. When Cardoso the intellectual assumed the presidency of Brazil, he disavowed his old texts, repudiated his past and objected to his own writings. But the seed of his neoliberal involution was present in his approach to dependency postulated in debates with Marini and Dos Santos.

Galeano's vision was also distant from that of ECLAC [Economic Commission for Latin American and the Caribbean]. Nowhere in the book does he sketch unconventional illusions in overcoming regional underdevelopment by way of a national bourgeoisie heading up capitalist industrialization. Protectionism and state regulation are not considered the paths to follow in order to eradicate Latin America's economic pains.

Opposition to this course is clearly seen in his countless criticisms of local ruling classes' impotence in directing any effective system for regional development. He highlights this inability to command industrial growth on par with that of powerful central economies.

This questioning was at the core of the political program that the Cuban Revolution inaugurated, and that the Marxist theory of dependency conceptualized. This approach favored a direct and uninterrupted transition to socialism, avoiding any intermediate stage of national capitalism.

Las Venas Abiertas is part of this current of thought and shares the enthusiasm generated by the initial success of the Cuban Revolution. The spirit of Che, the romantic tone and the hope in victorious radicalized projects, burst out in numerous paragraphs. Galeano also emphasizes the historical roots of popular struggles throughout the region.

At no time does he forget the structural economic foundation of dependency highlighted by the radical sociologist André Gunder Frank (author of *The Development of Underdevelopment* and *Capitalism and Underdevelopment in Latin America*). But unlike those works, he stresses the weight of popular resistance. He does not just speak about tin, mining, large estates and plantations. Galeano highlights Louverture's heroic deeds in Haiti, Tupac Amaru's rebellion in Peru and Hidalgo's action in Mexico.

The book rescues these traditions of popular struggle, highlighting how official history dilutes the visibility of these resistances. He reminds us that this operation of concealment frequently pushes the oppressed to take as their own "a memory fabricated by the oppressor."

Galeano not only details how Latin America was structured for centuries on the basis of indigenous exploitation and the enslavement of Blacks. He also highlights that those subjects affected by this plunder reacted with revolutions and uprisings. These uprisings opened an alternative horizon for liberation.

Open Veins also resurrects the link between these rebellions and the unresolved question of regional integration as legacy of Bolívar's unfinished project. This emphasis on the insurgent role of the people illustrates Galeano's affinity with the revolutionary political project of Dependency Theory.

Primarization and extractivism

It comes as no surprise that a book written fifty years ago is so compatible with a Marxist conception in vogue at the time. But it becomes more problematic to unravel whether both views hold currency now: in which ways do *Open Veins* and dependency theories remain valid?

There are many fragments of a book written in 1971 that seem to allude to situations in 2021. These enduring aspects of the text (and of the theory that inspired it) are due to Latin America's condition of dependence, reinforced above all in [the reality of] extractivism.

The region's specialization in exporting basic commodities of primary resources—which has blocked its development in the past—continues to thwart the region's economic establishment. This hindrance coincides with an unprecedented intensifying of environmental deterioration. Such disasters converge in large part in the issue of open-pit mining, which has become the epicenter of numerous conflicts in all countries.

Primarization (i.e., focusing the economy on "primary goods" or raw materials production) and extractivism are the two terms currently used to denounce barriers to productive and inclusive growth that Galeano highlighted five decades ago. In *Open Veins* he describes how the region's submission to the external mandate of commodity prices suffocates it.

But this vulnerability is no longer seen today as a simple effect of inexorable processes of devaluation in basic exports. Many economists have unraveled the cyclical dynamics

of these prices on the world market and have studied the complex process of successive increases and decreases in the price of raw materials. The main problem lies in the fact that these fluctuations always obstruct development because of the entire region's dependency.

Latin America never takes advantage of moments of export price appreciation and invariably suffers from the opposite periods of depreciation. In today's period of high prices, such hardship is seen, for example, in the rise in food prices. Export of wheat and meat turn into the degradation of buying daily bread and consuming enough protein.

Galeano described an economic misfortune resulting from the adverse management of agricultural, mining and energy income throughout the region. The constant decline of revenue for the owners of natural resources has intensified in the last decades. The world powers fight over—with the same intensity as in the past—the prized booty of Latin American wealth. The region continues to suffer systematic confiscation of this surplus, in a dynamic that combines the erosion of income with its expropriation.

The United States currently competes with China (and to a lesser extent with Europe) over the appropriation of the region's natural resources. The world giants are no longer just seizing surpluses of grain or meat. They are also securing strategic minerals such as lithium, and recklessly preying on marine fauna.

Unlike other non-metropolitan economies (such as Australia or Norway) that take advantage of income for their development, Latin America suffers from the drain of this surplus. It is unable to transform it into productive investment because of its subordinate position in the global division of labor. This subjugation also explains the unfavorable conditions with major trade partners for the region's exports.

Latin America does not negotiate its trade with China as a bloc, and the results of country-by-country negotiations are invariably adverse. The misfortunes portrayed by Galeano fifty years ago are once again being recycled today.

The retreat of industry

Open Veins describes how the historical processes of industrialization were hindered in Latin America by free trade policies. This "industrialicide" annihilated manufacturing in the interior of Argentina; it destroyed incipient industrial development in Paraguay, which was laying the foundations for an independent manufacturing. Later, railway networks built around the key shipping ports served to reinforce the suffocation of industry. The visible hand of the state did not intervene—as it did in the United States—to ensure a powerful industrial infrastructure emerged.

The suffocation of industry was partially modified in the second half of the 20th century through the process of import substitution. This model allowed the emergence of fragile industrial structures, illustrating the potential for manufacturing expansion. Galeano wrote his book in the twilight of that policy. After fifty years, the industrial panorama is once again bleak in most of Latin America.

Manufacturing activity has retreated in South America and tends to be centralized in Central America as part of the basic links in the global value chain. Often this adverse scenario is described as a story of "early deindustrialization" for the region, one that differs from industrial relocations prevalent in advanced economies due to its greater

harm. The gap between Asian industry and that in all of Latin America has deepened, and many manufacturing enterprises are disappearing before can establish themselves.

In medium-sized countries, this deterioration affects the model forged to supply local markets. In Brazil, the industrial apparatus has lost the capacity of the 1980s—productivity has stagnated, the external deficit is expanding and costs are rising along with the increasing obsolescence of the infrastructure. In Argentina, the decline is even greater.

The Mexican *maquila* model is also facing serious problems. It continues to assemble parts for large U.S. factories, but it has lost ground to Asian competitors. The renegotiation of the free trade agreement with the United States simply produced another agreement (T-MEC), which resumes customizing border factories to the needs of companies in the North.

Most of the countries in the region continue to negotiate (and approve) free trade agreements that unravel the local economic fabric. In all cases, the dearth of local trade barriers is intensified in the face of an uncontrollable invasion of imports. This adversity has not stopped MERCOSUR's (the Southern Common Market, a Latin American trade bloc) attempts to sign a free trade agreement with the European Union, nor the negotiations of unilateral agreements with China.

The region's industrial decline is an update to all the imbalances in the dependent cycle that dependency theorists studied. In the 1970s, they highlighted the systematic drain of resources affecting the manufacturing sector through profit shifting. Foreign capital's greater predominance in recent decades highlights this obstacle to the local accumulation process.

However, unlike in the 1970s, the current decline of Latin American industry coexists with the strong rise of its Asian counterparts. Observe the widening gap between South Korea and Brazil or Argentina to realize the magnitude of this change. While Latin America worked within the old domestic-market model of post-war capitalism, Southeast Asia tended to optimize the leap into internationalized production.

Many unconventional authors assume that divergence between the two regions is simply due implementing opposing economic policies. They believe Asian economies opted for the right path that their Latin American peers rejected. But this view neglects all the structural conditions imposed by maximizing profits through the world division of labor.

Dependency theories highlight this conditioning detailed in Galeano's book. It explains the structural historical adversities the region faces.

Dispossession and exploitation

Open Veins denounces the suffering of the exploited in every corner of Latin America. It does not speak only of the slavery and servility of the past. It describes inhuman working conditions that prevailed five decades ago. The timeliness of these observations is particularly striking in today's context of dramatic social deterioration.

Neoliberalism has not only aggravated unemployment and labor precarity. It has also entrenched a terrible widening of the income gap in the most unequal region on the

planet. This polarization explains the terrifying scale of violence in large cities. Of the 50 most dangerous cities on the planet, 43 are located in Latin America.

The social degradation affecting the region is largely due to the renewed driving of peasants off the land, due to the capitalist transformation of agriculture. This change has boosted the uncontrolled expansion of a mass of excluded people in the cities, swelling the army of the unemployed. The lack of work in the big cities and the very low pay of the available jobs explain the enormous increase in precarity. In this context, the narco-economy has expanded as a means of survival.

Latin America's specialization in basic exports is complemented in some Central American economies by the disjointed growth of tourism. It is the only job-creating activity in many localities in that region. In all cases, the absence of jobs increases emigration and, as a result, family dependence on remittances. Huge contingents of unemployed young people are unable to put down roots, and so they emigrate. They are unable to find employment in their places of origin and then they are persecuted when they enter the United States.

Regional poverty continues to spill over into the precarious workforce in Latin America, and even affects workers with more stable conditions of work. These data have not changed since Galeano's book appeared.

The fragility of the middle class also persists, in a region with a reduced presence of this stratum. Compared to advanced countries, the middle sectors provide a very meager cushion to the abyss that separates the wealthy from the impoverished. This segment is mostly made up of small merchants (or self-employed) and not of professionals or qualified technicians.

The pandemic of the last two years made this adverse situation even worse. In percentage terms, Latin America was the region with the highest number of infections and deaths in the world. It also suffered the greatest economic and social impact from the pandemic.

GDP in the region fell at twice the rate of the rest of the world, and inequality deepened as a result. Economic contraction and shutdowns hit the half the labor force that survives in the informal sector severely. These sectors had to go further into debt to offset the brutal drop in family income.

The digital divide also widened throughout the region. Poor children lost a year of schooling. This deterioration in education combines with the instability of work to generate explosive impacts. Big companies take advantage of this to reduce labor costs, using new forms of teleworking that multiply the exploitation of wage earners.

In the last five decades the capitalists have resorted to numerous mechanisms to compensate for their international weakness with increasing exploitation of the labor force. For this reason, the wage gap separating the region from the central economies has widened significantly. The global trend towards labor segmentation—between a formal-stable workforce and an informal-precariarized one—has reached a frightening scale in Latin America.

This disparity validates the Galeano's analysis of dependency and underscores the continuity of the problems that Galeano observed in the world of work. Fifty years later, all his observations remain true, but at a different scale.

The old nightmare of debt

In *Open Veins*, Galeano condemned the tripling of the foreign debt between 1969 and 1975 and the consequent entrenchment of a vicious circle stifling the region's economy. This chain of events forces Latin America to follow a script of increased exports, foreign takeovers of industry and bank audits imposed by the IMF. Galeano pointed out that these demands, in turn, strengthened the power of U.S. capitalists who control a large part of the region through their management of finance.

In the last fifty years, this nightmare has continued. Without structural change, this has accentuated fiscal imbalances and external deficits, increasing outstanding debts and precipitating new crises.

During the neoliberal era, this fiscal vassalage passed through periods of varying severity. In the last decade, the increase in the prices of raw materials and the inflow of dollars allowed for some relief. But when that commercial respite disappeared, indebtedness resurfaced with greater intensity. Currently, the IMF (and investment funds) are once again playing a leading role in the administration of an unmanageable debt.

In the pandemic's most dramatic moments, the IMF issued hypocritical messages of wanting to help debtors. But, in fact, it limited itself to a derisory debt relief for a minuscule group of ultra-poor nations. It repeated the attitude it took during the 2008-2009 crisis, when it combined formal calls for international regulation of finance with greater demands for austerity from all debtors.

The dependency tradition generally didn't see debt simply in terms of financial speculation. It stresses that mounting debt expresses the productive and commercial fragility of dependent capitalism. But Latin America's financial vulnerability only complements these inconsistencies.

The region faces the burden of interest payments, repeated refinancing and defaults due to the underdeveloped profile of its raw materials-exporting economies, and the weakness of its industry and high specialization in basic services. Indebtedness is not only triggered by financial looting. It reflects a growing structural weakness in the accumulation processes.

The region is not exempt from the process of financialization that characterizes all the planet's ruling classes. But the central mutation that has taken place in Latin America has been the transformation of the old national bourgeoisies into new local bourgeoisies.

Galeano's text bore the stamp of that first period. Since then, the capitalist groups that put priorities on the expansion of demand and production oriented to the domestic market have lost weight in the economy. The sectors that prioritize exports and prefer cost reduction to the expansion of consumption have taken their place.

This shift also confirmed all the dependency-based diagnoses on the intertwining of Latin American big capital with its foreign counterparts. The location of large local fortunes in tax havens and the close association developed by the main companies in the region with transnational corporations illustrate this symbiosis. The indebtedness that Galeano condemned underpinned this mutation in the ruling classes.

Stormy crises

The Uruguayan writer's book presents a moving and heartbreaking portrait of the daily reality of Latin America. This reality is punctuated with the systematic irruptions of the overwhelming crises of dependent capitalism. These convulsions stem, in turn, from external strangulation and periodic cuts in living standards.

The neoliberal era that followed the publication of *Open Veins* was marked by more frequent and intense economic crises, precipitating more serious recessions and gigantic bank bailouts. This turbulence was invariably triggered by external bottlenecks, which generate trade imbalances and the loss of financial resources.

Since Latin American economies depend on the fluctuating prices of raw materials, during periods of export expansion, foreign exchange flows in, currencies appreciate and spending expands. When trade contracts, capital flees, consumption decreases, and fiscal accounts deteriorate. At the peak of this adversity, crises erupt.

These fluctuations, in turn, magnify indebtedness. At times of financial appreciation, capital flows in to profit from high-yield operations, and in the opposite periods, capital flight becomes generalized. These operations swell liabilities of the public and private sectors.

Another determinant of regional crises is the periodic imposition of austerity and cuts in purchasing power. These cuts aggravate the structural absence of a norm of mass consumption. The weakness of the domestic market and the population's low level of income explain this deficiency. The expansion of labor informality, low wages and the small size of the middle class accentuate the fragility of purchasing power.

The two modalities of the crisis—that stemming from external imbalance and the other derived from the contraction of consumption—have been verified in all the models of the last decades. They first appeared during import substitution (1935-1970) and reappeared with greater virulence in the “lost decade” of stagnation and inflation (1980s). They reached greater intensity in the subsequent debut of neoliberalism, following from financial deregulation, trade liberalization and labor flexibility.

Dependency theory has always studied these tensions with multi-causal criteria and stressed the absence of a single determinant of the crisis. The convulsions suffered by the region are triggered by diverse forces that combine external imbalances with restrictions on purchasing power.

This combination of external and internal determinants had a devastating impact in the last two years of the pandemic. Latin America suffered the greatest global contraction in working hours, in line with similar declines in popular incomes. After five years of stagnation, COVID-19 accentuated a huge deterioration of the productive structure. To make matters worse, the signs of recovery are tenuous and growth forecasts are lower than the world average. The region has suffered another chapter of *Open Veins* in the “Great Confinement” of the last two years.

The political scenario

The affinity of the *Open Veins* with Dependency Theory is not limited to the narrow field of economics. In the expository tradition of the latter conception, the book avoids overwhelming the reader with mere figures and intricate statistics. It underlines with examples the degree of imperialist domination on regional underdevelopment. It

especially decries military coups, which have always been managed by the U.S. embassies to install governments favorable to the big companies of the North.

After 50 years, Washington's interference persists behind more disguises, but with the same brazenness of the past. The United States is currently trying to regain its weakened world hegemony by strengthening its control of Latin America in order to contain the growing gravitation of China. The U.S. is trying to use its enormous geopolitical-military powers to regain lost economic positions. For this reason, the region is once again treated as a "backyard," subject to the rules of subjugation established by the Monroe Doctrine.

The United States seeks to reduce the margin of autonomy of the three medium-sized countries in the region. It demands that Brazil hand over oversight of the Amazon, that Mexico strengthen Drug Enforcement Agency intervention and that Argentina accept IMF dictates. Since direct invasions (such as Grenada or Panama) are no longer feasible, the Pentagon reinforces its bases in Colombia and sponsors countless conspiracies against Venezuela.

Trump implemented that script with brutality and Biden is preparing to continue it with good manners. He needs to rebuild the deteriorated dominance of the North and reduce the verbal excesses of his predecessor in order to reassemble alliances with the Latin American establishment. But like Trump, he prioritizes the reduction of China's presence in the region. All White House initiatives belie the naïve perception "that the United States is no longer interested in Latin America." Regaining full domination of the hemisphere is Washington's top priority.

That is why it supports right-wing governments that act as heirs to the dictatorships Galeano denounced. Like the dependency theorists in the 1970s, Galeano investigated the coercive pillar of all Latin American political systems. He portrayed how tyrannies implemented different models of totalitarianism and highlighted the primacy exercised by military bureaucracies in the management of the state.

In the post-dictatorial period of the following decades, this mode of operation was replaced by various modalities of constitutionalism, which combined neoliberal economic policies with the forced acceptance of democratic formalities.

But after several decades, the right-wing regimes tried to regain their predominance through a conservative restoration. They act through continued reactionary governments, new electoral gains and repeated institutional coups. During the pandemic, they have militarized their administrations and established states of emergency with an increasing role of the armed forces.

The regional right wing currently operates in a coordinated manner to establish authoritarian regimes. It does not promote the explicit military tyrannies of the 1970s, but rather disguised forms of civil dictatorship. Among its exponents there is still a visible division between extremists and moderates, but they all come together at decisive moments.

The rightists implement a common strategy of banning the leaders of the center-left. They resort to imaginative mechanisms to disqualify opponents and implement parliamentary, judicial and media coups. They aspire to achieve the brutal control of governments portrayed in Galeano's text. They have also recreated the primitive

discourse of the Cold War and the feverish campaigns against communism that they propagated when the first edition of *Open Veins* was published.

But all the figures of the regional right are facing a great political erosion for their responsibility in the disastrous management of the state. They must also deal with the great resurgence of popular mobilization.

In three bastions of neoliberalism (Colombia, Peru and Chile) there have been massive street revolts. In other cases, protests opened the door to the reinstatement of the progressive government displaced by a military coup (Bolivia). In different corners of the hemisphere there is a converging trend towards the resumption of the rebellions that convulsed Latin America at the beginning of the millennium.

A symbol of our struggles

In the *Open Veins* there is a repeated call to build a non-capitalist society of equality, justice and democracy. That message is present in several of the text's passages. Galeano shared with dependency theorists the objective of affirming a socialist project for the region.

In the 1960s and 1970s, the hope was to advance towards that goal after victorious popular revolutions. This expectation was corroborated by the anti-colonial rebellions, Third World struggles and the triumphs of Vietnam and Cuba.

Subsequently, the neoliberal U-turn, the disappearance of the so-called "socialist camp" and the reconfiguration of global domination, prevailed. In Latin America, however, hope resurfaced with the rebellions that marked the beginning of the 21st century, opening up the cycle of progressive governments and the appearance of several radical governments. The current context is marked by an unresolved dispute and the persistent confrontation between the dispossessed and the privileged.

This clash includes popular revolts and reaction from the oppressors. At one pole, there is collective hope and at the other pole, there is the conservatism of the elites. Significant victories coexist with worrying setbacks, in a framework marked by the lack of definition of the results. The outcome of the battle that pits popular yearnings against the privileges of minorities is still pending.

Las Venas Abiertas is a representative text of this struggle. For this reason, Latin American youth rediscover it from time to time. The same happens with the Marxist Theory of Dependence. This theoretical instrument recovers its audience because the explanation it provides helps us to understand the contemporary dynamics of the region. It arouses the interest of all those interested in changing the region's oppressive reality.

Galeano's book and dependency theory share the same reception among the new generations that revive the ideals of the left. *Open Veins* is a true emblem of transformative ideals. For that reason, in April 2009, during the Fifth Summit of the Americas, President Chavez publicly gave a copy of the book to Barack Obama. With this gesture he underlined the text that synthesizes the sufferings, projects and hopes of the entire region.

Galeano personified those ideals and also generated an unparalleled fascination in his audience. He conveyed warmth, sincerity and conviction. His words summoned readers

to forge a future of brotherhood and equality. Renewing our commitment to those ideals is the best tribute we can pay to his work.

[\[i\]](#) Eduardo Galeano, *Las venas abiertas de América Latina* (México: Siglo XXI, 1971), 15.

[\[ii\]](#) *Las venas abiertas*, 16-23.

[\[iii\]](#) In our book on this topic, we analyzed all the authors and theories mentioned in this article. See Claudio Katz, *La teoría de la dependencia, 50 años después* (Buenos Aires: Batalla de Ideas Ediciones, 2018).

[\[iv\]](#) *Las venas abiertas*, 339-363.