

Pizarro's Quest

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This December is the 390th anniversary of the landing of the Pilgrim Fathers in what is today the United States of America and much has been justifiably written about the hardships which they experienced and the dangers which they faced from hostile Indian tribes that numbered around 3 million spread across the US (including Canada). Similar tales can be told when, more than 100 years before then, the Europeans arrived in strength in Central and South America but probably encountered 20 million Indians.

The Spanish conquistador, Francisco Pizarro, both illegitimate and illiterate, originally joined fellow conquistador Vasco Núñez de Balboa on his expedition across the Isthmus of Panama in 1513 and which led to the discovery of the Pacific Ocean. Today a grand statue of Núñez de Balboa, who became a governor of Panama, stands on the seafront of the city of Panama, not far from my offices, alongside the Pan-American Highway, a network of roads, which extends 29,800 miles from Prudhoe Bay in Alaska and only comes to a stop in the town of Ushuaia in the province of Tierra del Fuego in Argentina. Only the dense Darién rainforest which lies between Panama and Colombia is able to prevent, for a stretch of 54 miles, the passage of continuous travel from north to south. Like the Americas themselves, diversity is to be found along this highway as it passes through changing climates and landscapes which include glaciers, deserts and mountains.

This same Darién rainforest also prevented the 17th-century Scottish businessman, William Paterson, from fulfilling his ambition to establish a Scots colony at Darién and control trade between the two great oceans that Nature had put so close to each other in Panama. Paterson's plan, like the failed 19th-century Panama Canal project of Ferdinand de Lesseps, attracted thousands to invest in the venture; many decided to become pioneers, making the arduous sea voyage to Panama from Scotland and were to lose not only their money but their lives also.

Capitalism, along with the joint stock company, had arrived and such adventures fired people's imaginations. Added to this enthusiasm was surely the fact that William Paterson enjoyed a good reputation as the founder and a director (if only for one year) of the Bank of England. And just like de Lesseps, whose reputation was built on the success of his Suez canal, both rode the crest of the wave until disaster struck.

Some historians have claimed that more than half the national wealth of Scotland went into the Darién project. What is for certain is that some two thousand people died and of 14 ships that sailed on the maiden voyage only one returned. This vain attempt at empire-building is littered with fine illustrations of mismanagement that students studying business today could learn lessons from. Besides any other reason (the climate at one point killed up to 12 settlers a day) the plans were flawed because, crucially, Paterson had gambled that the Spanish empire was weakening its grip on Latin America. As it is, this fiasco has been blamed for driving the Scots into union with the English from which the United Kingdom of Great Britain was created.

If the passion for independence from England produced this recklessness, the lure of gold for the Spaniards was just as fervent, especially for Francisco Pizarro who had first heard about the legend of El Dorado on that momentous trek across Panama with Vasco Núñez de Balboa. The discovery of the Pacific Ocean was to have immense political, economic and social repercussions which would reverberate not just within Latin America but in Europe and beyond. Pizarro became convinced that if he sailed from the Pacific in a southerly direction this would lead him to unimaginable riches; by doing so and reaching Perú in 1529 he set the course of events – a devastating domino effect – that would result in untold cruelty and ruin

for the Inca empire with its centre in Perú and which spread from present-day Colombia in the north to Chile in the south. The Incas had no written language but they did control, fatefully, very rich deposits of gold and silver from which beautiful ornaments were made.

Francisco Pizarro was the worst kind of conquistador and the Inca king, Atahualpa, who ruled a divided kingdom at the time, thought that by offering the Spaniard a roomful of gold he could keep him at bay and perhaps encourage his departure. Unfortunately, the king revealed the boundaries of his large empire and the existence of what he described as mountains of silver and gold. Atahualpa's attempts to pacify the ruthless Spaniard were rewarded by his eventual capture and garrotting after which Pizarro moved further south and conquered the other parts of the Inca Empire. In 1535 he established his capital in Lima which was eventually to become the headquarters of the Spanish viceroy.

As long ago as 1503 Christopher Columbus had written that the owner of gold is master of all he desires and today, five centuries later, investors, as we have witnessed, still share that belief. If Pizarro could control the sources of not only gold but silver as well, combined with a workforce able to produce it, this would surely be a dream beyond his avaricious imagination. Meanwhile, the Spaniard, doubtless with such thoughts on his mind, drank from gleaming goblets created by craftsmen who hammered the gold into thin sheets from which those exquisite ornaments, often with encrusted jewels, were produced. Goldsmiths and silversmiths in the Andes had developed techniques to strengthen soft gold and silver by mixing them with other metals (usually copper) and then heating the alloy and beating it with mallets.

The Spaniards seized the Indian's land and made them slaves who were compelled to abandon their ancient beliefs and turn to Christianity. Thus (as with the British in India) a small foreign population ruled a very large Indian one and did so with a ruthlessness that even today has left its mark on Peruvian society. In Mein Kampf, Adolf Hitler wrote that the one means that wins the easiest victory over reason is terror and force, and Pizarro was a seasoned proponent of that doctrine.

Even before the Inca civilisation, Perú had been a mining country first and foremost, with copper and gold at the centre of the present transformation that has fuelled the boom in exports; last June the economy was expanding at an annualised rate of 12%. Still, as I wrote last month (A Developing Story) the region (especially Perú) is a hostage to commodity prices; any double-dip recession would have its impact on the country's commodity-based USD140 billion economy. It is true that the economy is more open than Brazil's, but Perú does not have the very large domestic market that its eastern neighbour does, with most of its approximately 27 million people living on a narrow coastal strip between the Pacific and the mountains.

Those Peruvians living elsewhere in the Andes and the Amazon suffer poverty at twice the national average and as in the days of the Incas, when traditional ways clash with a modern and globalising world seeking mining and energy concessions, violent social unrest ensues. China, for one, has invested heavily in Perú, contributing considerably to the country's economic health, including an investment of USD2.2 billion in order to benefit from substantial copper, zinc and silver deposits.

Unfortunately, Alan García, the president, like his predecessor, Alejandro Toledo, does not have a majority in the Congress and so his administration is often hamstrung. Following elections in 1985 a young, handsome and charismatic Alan García became president so this is his second bite of the apple. His first term in office was a disaster but an older and wiser president has fared better this time.

But for the descendants of the Incas, and their traditions, Perú remains true to its description of being both a beautiful and tragic country. The late writer Albert Camus, perhaps with his Algerian experiences in mind, wrote: "Men learnt that we can be right and still be beaten, that force can vanquish spirit, that there are times when courage is not its own reward". He was writing about the Spanish civil war, yet he could just as easily have been thinking of not what the Spanish did to themselves but to the Incas.

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