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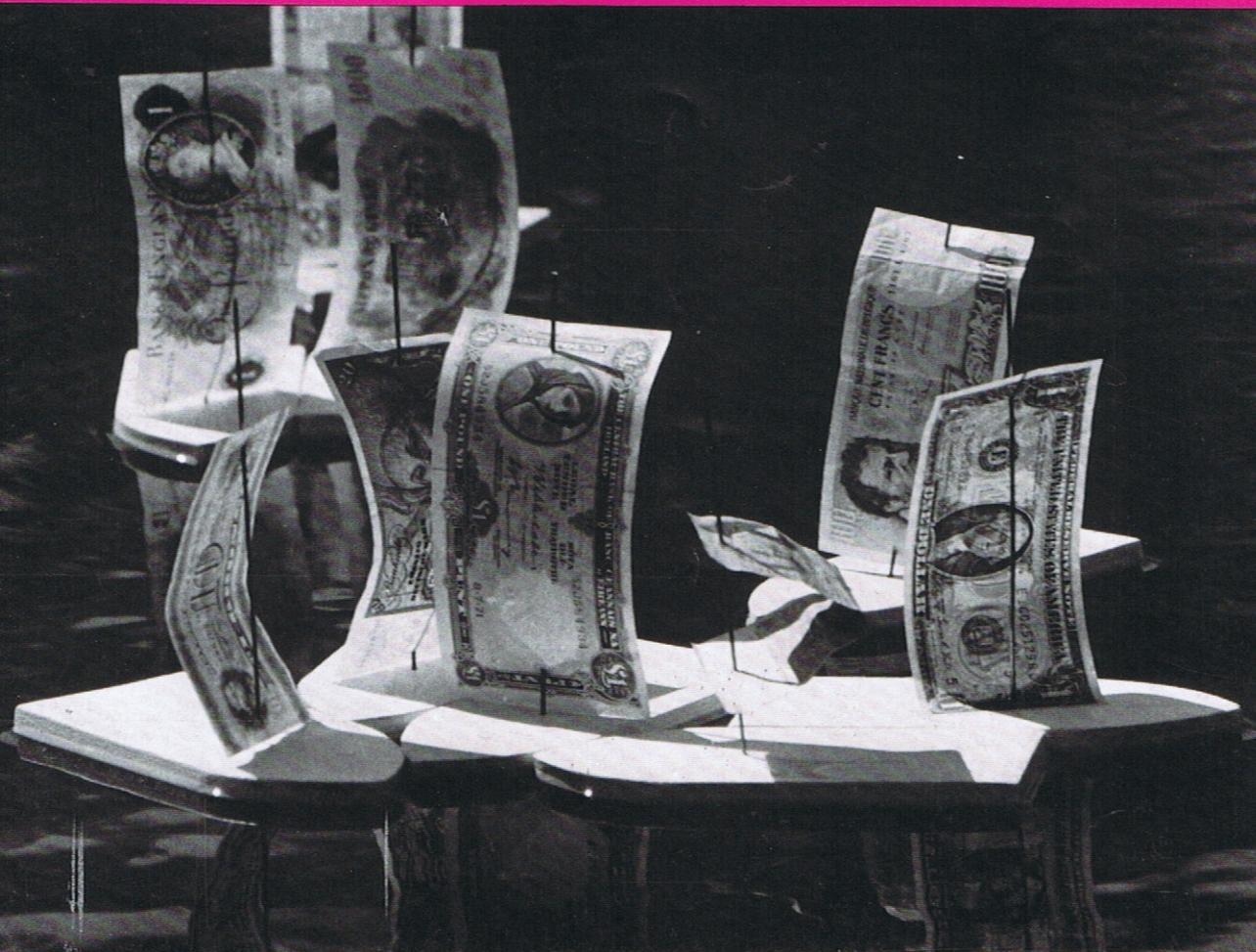
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Shining Path bust: a black eye for State Dept.
In memory of W. Allen Salisbury
Interviews from Russia, Hungary, Armenia

**Central bank system cracks;
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Mercantilism vs. free trade: the war for Ibero-America

by Cynthia Rush

This speech was delivered to the founding conference of the Ibero-American Solidarity Movement, which was held in Tlaxcala, Mexico on May 18-22, 1992.

The decade of the 1980s saw the brutal imposition of the policies of free trade or "opening" throughout Ibero-America. There is not a single country which escaped the recipes prescribed by the International Monetary Fund, and we can see the devastating results before us. We haven't seen such a coordinated offensive since the middle of the nineteenth century, when Great Britain successfully smashed all efforts to reject its policies. However, as in the mid-nineteenth century, this offensive has once again put on the agenda the battle which began three centuries ago, between Adam Smith's free trade and the system identified by the name *mercantilism*; that is, the fight of sovereign nation-states to develop their economies and their populations in opposition to the imperial system which seeks to loot through speculation and quick profits.

Mercantilism has its roots in Spain and Portugal of the fifteenth to seventeenth centuries, in the great thinkers and economists, among them the Catholic monarchs Ferdinand and Isabella, who refused to make their nations simple exporters of raw materials in a relationship of dependency with Great Britain. They sought unity on the basis of national and universal principles, the same ones which were transferred to the New World through the discovery and evangelization of this continent.

This system broadened and acquired its modern expression in seventeenth-century France, where minister Jean Baptiste Colbert collaborated with the great scientist and philosopher Gottfried Leibniz to successfully apply the concept of physical economy and, for a time, transform that country into an unprecedented model of economic and technological advance. Adopting these principles in the nineteenth century, Alexander Hamilton, Mathew and Henry Carey in the United States, and Friedrich List in Germany transformed their respective nations into industrial powers. Their writings, together with those of their precursors, gave



President Theodore Roosevelt's "big stick" enforced debt collection for the international bankers. His administrations marked the consolidation of the U.S. alliance with Great Britain, against the mercantilists of both Ibero-America and the United States.

form to the nineteenth-century battles in Ibero-America in which nationalist and patriotic factions sought to consolidate national economies and sovereign states.

Unfortunately, due to the lies, propaganda and slanders associated with the Black Legend,* together with Great Britain's geopolitical manipulations, many people know very little of this system's positive contributions, or even that it was positive. The history books have told us that this system was "authoritarian," "reactionary," "despotic," and generated "inefficient statism" and "fanatical Catholicism." The political or military leader who failed to accept the system of free trade automatically became a "dictator" or "tyrant" who despised "freedom" and "democracy."

What is mercantilism?

What are the primary aspects of this system, compared to free trade—or what Pope John Paul II has called "savage capitalism"?

1) *Role of the state:* Mercantilism was consolidated alongside the emergence of the sovereign nation-state; unlike imperialism, which is based on the looting of satraps or colonies, the mercantilist state organizes its economic activities

* The Black Legend is the lie created by British and Dutch intelligence, which portrays Catholic Spain as a nation of evil degenerates and genocidalists. The legend particularly lies about Spain's colonization and evangelization of the New World, and lies about, or omits completely, the positive tradition of Spanish mercantilism, which was transferred to the New World, and which the British especially tried to destroy.

on the basis of the principle of sovereignty. This includes protection of internal industrial development, and setting priorities for economic development and for the use of credit and trade.

2) *Role of the armed forces* as a defender of the nation's sovereignty and territorial integrity.

3) *Concern for social good:* Contrary to the imperial system, long-term investment is made in the development of infrastructure, the labor force, education, culture, and the arts. Population growth is a positive benefit, because man and his role in society are valued.

The British System

What do the spokesmen for free trade say?

For Adam Smith, the nation was nothing more than the collection of all the individual interests of all the inhabitants of a country—Aristotelian thinking par excellence. According to this mentality, the nation-state, not to mention the sovereign individual, could never exist. In his *Theory of Moral Sentiment* of 1759, Smith described his concept of man:

"The care of universal happiness of all rational and sensible beings, is the business of God and not of man. To man is allotted a much humbler department, but one much more suitable to the weakness of his powers, and the narrowness of his comprehension; the care of his own happiness, of that of his family, his friends, his country. . . . But though we are endowed with a very strong desire of these ends, it has

been entrusted to the slow and uncertain determinations of our reason to find the proper means of bring them about. Nature has directed us to the greater part of these by original and immediate instincts: hunger, thirst, the passion which unites the two sexes, the love of pleasure, and the dread of pain."

So, according to Smith, man was inspired only by bestial, physical sentiments, not reason.

Thomas Malthus, another agent of the British East India Company, said the following in his *Essay on the Principles of Population*:

"All children who are born, beyond what would be required to keep up the population to a desired level, must necessarily perish, unless room be made for them by the death of grown persons. . . . We should facilitate, instead of foolishly and vainly endeavoring to impede, the operations of nature in producing this mortality. . . .

"Instead of recommending cleanliness to the poor, we should encourage contrary habits. In our towns we should make the streets narrower, crowd more people into the houses, and court the return of the plague. In the country, we should build our villages near stagnant pools, and particularly encourage settlement in all marshy and unwholesome situations. But above all, we should reprobate specific remedies for ravaging diseases and restrain those benevolent, but much mistaken men who have thought they are doing a service to mankind by protecting schemes for the total extirpation of particular disorders."

In his *Harmony of Interests*, American economist Henry C. Carey, made the following apt observation about British malthusianism:

"In Europe, on the contrary, population is held to be superabundant. Marriage is regarded as a luxury, not to be indulged in, lest it should result in increase of numbers. 'Everyone,' it is said, 'has a right to live,' but this being granted, it is added that 'no one has a right to bring creatures into life to be supported by other people' [John Stuart Mill, *Principles of Political Economy*]. Poor laws are denounced as tending to promote increase of population—as a machine for supporting those who do not work 'out of the earnings of those who do' [*Edinburgh Review*, October 1849]. . . . Labor is held to be a mere 'commodity' and if the laborer cannot sell it, he has no 'right' but to starve—himself, his wife, and his children. . . . Such are the doctrines of the free trade school of England, in which political economy is held to be limited to an examination of the laws which regulate the production of wealth, without reference to either morals or intellect. Under such teaching, it is matter of small surprise that pauperism and crime increase at a rate so rapid."

The 'danger' of mercantilism

Great Britain, and later its allies in the United States, understood perfectly well that a system which proposed defending national sovereignty, with military force if neces-

sary, and subordinating foreign interests to national ones, constituted a grave danger to its goal of maintaining Ibero-America as a colony capable of eternally providing raw materials to the industrialized nations' markets in exchange for manufactured goods from same.

For the Anglo-Americans, the danger remains the same today. In March 1990, the Trilateral Commission's report entitled *Latin America at the Crossroads: The Challenge to Trilateral Countries* argued that "long-festered flaws in the region's economic institutions" are due to "the mercantilist practices of their former colonial rulers." Such practices, the report underscored, had produced an inefficient "statism," uncontrolled population growth, and "excessive economic nationalism" throughout Ibero-America. Aside from insisting that progress could only be achieved through economic liberalization, the report proposed eliminating the role of the armed forces, given that the "communist threat" supposedly no longer existed.

In 1975-76, one of the primary agencies of the Anglo-American establishment, the Council on Foreign Relations (CFR), published *Project 1980s*, one of whose volumes, *Alternatives to Monetary Disorder*, written by the former editor of the London *Economist*, Fred Hirsch, warned that if the policies of free trade were to be imposed in the developing sector, all vestiges of "neomercantilism" would have to be eliminated. Hirsch complained that the developing countries sought to "politicize" discussion of issues relating to economic development, energy resources, and international finances for the purpose of forging a new world economic order "more favorable to their interests."

Hirsch wrote that Alexander Hamilton in his *Report on Manufactures* had posed similar mercantilist concerns. According to Hirsch, Hamilton "expressed the opposition of American nationalists to their country's assuming the role of a raw materials exporter to Britain. Nationalists feared and opposed two aspects of this role: the tying of American economic development to the British economy and the growing dependence on Britain for goods vital to national defense."

To guarantee that the monetarist policies of the Anglo-American establishment were successfully implemented, Hirsch proposed "the controlled disintegration of the world economy" and the creation of "a framework capable of containing the increased level of such politicization . . . by setting bounds to arbitrary national action and thereby containing the tendencies toward piecemeal unilateral action and bilateral bargaining that may ultimately be detrimental to the interests of all parties concerned."

It should be noted that just a few years after the publication of *Project 1980s*, the debt crisis exploded in Ibero-America, effectively smashing any nationalist opposition and paving the way for the imposition of free trade policies over the subsequent decade.

Another revealing discussion of mercantilism is that

British geopolitics in Ibero-America

1. Argentina: British forces invaded the port of Buenos Aires in 1806 and 1807, but were repelled by local troops.

2. Uruguay: By manipulating both Brazil and Argentina, Britain achieved the independence of Uruguay in 1828, which then served as a base for British operations throughout the 19th century.

3. Mexico: The French invaded in 1863 and installed Emperor Maximilian on the throne; this coincided with the

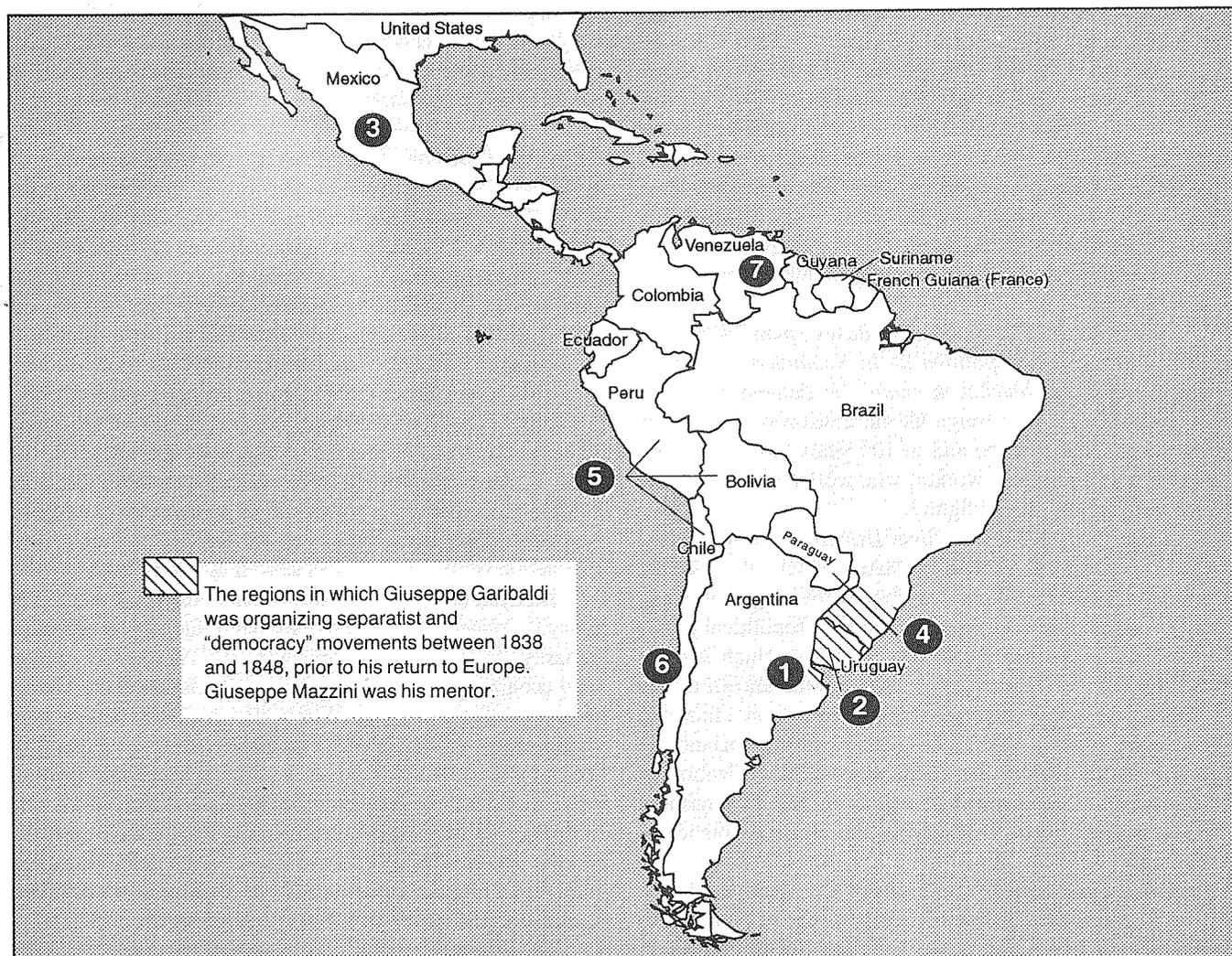
British attempts to dismember the American Union in the Civil War (1861-65).

4. Paraguay: The British engineered the War of the Triple Alliance (1864-70), pitting this small nation against Brazil, Uruguay, and Argentina in a genocidal war from which Paraguay never recovered.

5. War of the Pacific: Backed by British financial interests, Chile waged war against Bolivia and Peru (1879-81).

6. Chile: In 1891 British interests financed a phony "revolution" against President José Manuel Balmaceda, a follower of Friedrich List.

7. Venezuela: German and British ships blockaded Venezuelan ports (1902-03) in order to collect unpaid debts. Argentine Foreign Minister Luis María Drago appealed to the United States to intervene on the basis of the Monroe Doctrine.



found in *Makers of Modern Strategy*, one of the text books used at the U.S. Military Academy at West Point. In the chapter on Adam Smith, Friedrich List, and Alexander Hamilton, the author attacks the institution which is the protection and fundamental guarantor of the sovereign nation-state: the armed forces. He asserts perversely that when "the guiding principle of statecraft is mercantilism or totalitarianism, the power of the state becomes an end in itself, and all considerations of national economy and individual welfare are subordinated to the single purpose of developing the potentialities of the nation to prepare for war and to wage war." Democratic peoples, the author warns, "have a deep-rooted suspicion of coordinated military and economic power."

What the author does *not* say is that free trade means war—sometimes literally—against the sovereign nation-state and its economy. We see countless examples of that truth today.

Many proponents of free trade insist that Ibero-America didn't develop its industrial capacity in the nineteenth century due to the allegedly "retrograde" structure it inherited from Spain. The Argentine Juan Bautista Alberdi, a firm defender of Adam Smith and author of his country's 1853 Constitution, explained in his writings that Argentina and Ibero-America could only progress economically by importing white Anglo-Saxons from the countries of northern Europe and the United States—*not* from southern Europe or the Mediterranean, whose people tended to be Catholic and had darker skin—because unlike the Spanish, the Anglo-Saxons supposedly possessed the characteristics of energy, hard work, and *Protestant* religion necessary to guarantee economic development.

Look at what Alberdi said in his *Bases y punto de partida para la organización política de la República Argentina*: "Put the *roto*, the *gaucho*, or *cholo*, the elementary unit of our popular masses, through all the transformations of the best educational system, and in 100 years, you still won't make of him an English worker, who works, consumes, and lives comfortably and in dignity."

The truth is that it was Great Britain, often in alliance with France and later the United States, which sabotaged the industrial development and building of sovereign nations in Ibero-America, through the same kind of geopolitical games it used in Europe and the Middle East and which laid the basis for the Versailles system. Through the known tactics of manipulating governments or political factions, financial or military warfare, it sought to maintain the "balance of power" in the region; the result was the balkanization of Ibero-America, territorial disintegration, and the smashing of any nascent effort to reject the anti-national policies of free trade.

Here are just a few of the results of such manipulation:

- The so-called independence of Uruguay in 1828. In 1827, the British consul in Buenos Aires, Lord Ponsonby,

explained quite frankly what was behind this independence: "The British government didn't bring the Portuguese royal family to America to abandon it; and Europe will never allow only two states, Brazil and Argentina, to be the exclusive owners of the eastern coast of South America from north of Ecuador down to Cape Horn."

- The various separatist movements that developed throughout the Rio de la Plata region during the first half of the nineteenth century, promoted by British agent and mason Giuseppe Mazzini and his friend Garibaldi.

- The War of the Triple Alliance against Paraguay (1864-70); the invasion of Mexico by France in 1863; the War of the Pacific (1879-81); and many others extending right into the twentieth century.

With this picture as background, I think we can say without exaggeration that the efforts of several military and political groupings throughout the nineteenth and twentieth centuries to achieve economic independence for their nations—with all their limitations—are nothing less than heroic. I want to mention a few examples of those efforts, since for reasons of time it's impossible to discuss all of them. In fact, I want to leave in the hands of people here the responsibility of researching the continent's real history. We have a lot of work to do on that subject.

The War of the Triple Alliance

One of the most dramatic examples of that heroism is the case of Paraguay. That small country represents an absolute singularity in the continent's history, as an attempt to establish a sovereign state in which national interests and popular welfare had priority; it was smashed in a genocidal war orchestrated by Great Britain. First under the government of Dr. Gaspar Rodríguez de Francia (1813-40), followed by Carlos Antonio López (1840-59) and his son Francisco Solano López (1859-70), Paraguay achieved levels of economic independence and technological advance unparalleled on the rest of the continent. Dr. Francia's government not only rejected manipulations which sought to open the country up to British trade, but he organized the Armed Forces to defend the nation from Buenos Aires as well as from Brazil.

Analysts and historians shriek that Francia "closed" Paraguay, "isolated" it from international influences, or imposed autarky. In fact, Francia organized the Paraguayan market and economy in such a way that it benefitted national interests, and this was intolerable to the free traders. The state regulated all economic and commercial activities; it prohibited the export of gold and silver, which broke the cycle of dependence on the Buenos Aires banks and merchants, and did away with a negative trade balance. Francia also prohibited the contracting of foreign loans. With these and other measures, he eliminated the role of local oligarchies as the country's dominant political and economic force.

The governments of Carlos Antonio López and Francisco

Solano López deepened the process with the building of infrastructure, development of the educational system, and modernization and expansion of the Armed Forces. This caused panic in London. Carlos Antonio López used to say that “with time and foresight, the government wants to avoid the two dangers which threaten the Republic: the danger of remaining stationary in the midst of progress and advances of all kinds which make up modern societies, and the revolutionary danger which seeks to rush and disturb everything using the pretext of progress.”

In the 1840s, the López government built roads, bridges, and canals. Carlos Antonio López made the improvement of the educational system a top priority: He founded new schools, libraries, and hired foreign professors to participate in this process. Many young people were also sent abroad to study, and later returned with expertise to contribute to national development. Schools, López used to say, “are the true monuments we can build to national freedom.” Carlos Antonio López always emphasized that he was not a man of the Enlightenment, and that he was a great student of St. Augustine.

In 1845, the government inaugurated the state-run printing press. Foreign engineers, doctors, and technicians hired from England, Germany, Austria, France, and Italy, helped to build the military complex at Humaitá, together with several other projects such as the iron foundry at Ibicuy, and the Asunción arsenal and shipyard. Railroads, the telegraph, and numerous military clinics were also built, the latter with the aid of foreign physicians. Other projects included the merchant marine and Navy.

Many historians lie that it was Paraguay’s military apparatus which caused the genocidal War of the Triple Alliance in 1864. But well before that date, in 1828, the British newspaper *British Packet and Argentine News* of Buenos Aires enthusiastically promoted the idea of an invasion from that city to achieve “the liberation of Paraguay.” At that time, the British consul in Buenos Aires, Woodbine Parish, told the Foreign Office that such an invasion would serve the double purpose of guaranteeing “rich booty” and “guaranteeing an interchange between that wealthy country and the rest of the world.” In April 1830, the Brazilian consul in Paraguay, Correia de Camara, informed his secretary of state that “the only way . . . to do away with that nascent colossus [Paraguay] is through a rapid and well-coordinated invasion.”

So this is what was behind the War of the Triple Alliance, financed by British loans to Brazil, Argentina, and Uruguay, and provoked by the maneuvers of its imperial agent Brazil and allied factions in Argentina in 1864. With a rationale which reminds us of the “allied” war against Iraq in 1991, when the treaty of the Triple Alliance was signed, the three governments insisted that they were going to war against “the tyrant of Asunción,” Francisco Solano López, but “not against the Paraguayan people”; they did admit that they

wanted to redraw Paraguay’s borders and that they intended to force it to pay the cost of the war.

What was Paraguay’s situation in 1864? With a population of approximately 450,000, it had achieved a significant level of industrialization, without depending on foreign loans. *It had no foreign debt!* The country was united and, compared to its neighbors, technologically advanced. By the end of the war in 1870, half of the population had died: 100,000 men, more than three-quarters of the male population, died in combat and another 120,000 people died from wounds, starvation, and cholera. Despite the lack of resources, the population resisted until—literally—the last man, and in many cases, the last child. The country’s devastation was total: The war achieved what the “allies” were unable to achieve otherwise—destruction of the nation’s military capabilities and the imposition of “democracy” based on free trade. Brazil occupied the country militarily for five years following the war, and imposed the Constitution of 1870 which, among other things, altered the borders. From that point on, Paraguay suffered years of political anarchy.

The mercantilists make advances

If we look at the second half of the nineteenth century, we see that there were many efforts in different parts of the continent to reject free trade policies and replace them with a pro-industrial, protectionist policy. This was the period in which a protectionist tendency, albeit a weakened one, still existed in the United States, prior to the assassination of President William McKinley and prior to the presidency of Teddy Roosevelt, when the alliance with Great Britain was consolidated.

In his book *El mercantilismo mexicano versus el liberalismo inglés*, Luis Vásquez has presented a detailed picture of the Mexican mercantilists, beginning with the Colbertian Estevan de Antuniano in the decade of the 1830s, followed in the 1860s and 1870s by Carlos de Olaguibel y Arista who opposed the defenders of free trade known as “the purists,” *los puros*. Antuniano wrote in 1842 that “for our republic the promotion of industry is not a simple calculation, but a point of honor and independence.” He elaborated an ambitious plan to transform the Atoyac River valley into “Mexico’s industrial valley,” rejecting the idea that Mexico would be only a minerals exporter. In 1845, he presented a detailed plan to achieve industrialization, the *Plan económico político de México*, which, among other things, demanded “absolute prohibition of foreign manufactures which we could probably build ourselves easily and cheaply.” This is “the basis for Mexico’s economic reform,” he said.

Carlos de Olaguibel y Arista was not only familiar with the writings of Friedrich List; he had studied Hamilton as well as the French dirigist economists Chaptal and Dupin. Like Antuniano, he proposed a global program for Mexico’s

industrialization and passionately polemicized against free trade: "Laissez faire, the passive policy of free trade, would not be useful in the present case; an active policy is needed to lift that enormous weight which oppresses and suffocates Mexico's productive power. . . . That is why we, in view of that necessity, have proclaimed as a demand of current interests, a policy which not only encourages material values, but all the productive forces a people might possess under any circumstances."

In his book *El Proteccionismo en México*, Olaguibel emphasized that "the triumph of protectionism is very important because it will put an end to misery, and the diseases it occasions, and even with Malthus's system, which has necessarily been established among us and which in the final analysis . . . is fatal, because it prevents population growth, [which] we so urgently need, and which will have to be sustained even if it increases too much, as long as industry is protected."

What about the rest of the continent? In Colombia, Rafael Nuñez, author of the 1886 Constitution—overthrown last year by that country's narco-terrorists—reached the presidency in 1880, and again in 1884, 1886, and 1892. He launched an ambitious program of infrastructural development, pointing to Alexander Hamilton's example in the United States. The small nation of Uruguay applied its first protectionist tariff in 1875, later expanded by President Ordoñez y Batlle at the beginning of this century.

It would also be important to look at the Venezuelan case at the end of the nineteenth century, particularly the administrations of Guzmán Blanco and Cipriano Castro, which ended with the British-German blockade of 1902-03 after debt payments were suspended. Note that earlier in 1864, one year after the French invasion of Mexico, when Guzmán Blanco visited France to discuss debt problems, minister Drouyn de Lhuys threatened that unless Venezuela's books were put in order, "after Mexico, you'll be next."

Argentina battles the British

The Argentine case is interesting because in spite of the enormous British influence in that country from a very early date—Britain virtually considered it another colony in the Empire—mercantilist tendencies dating back to before Independence survived, later merging with the influences of the American System of political economy. This is reflected most strongly in the group organized around Vicente Fidel López and Carlos Pellegrini during the 1880s and 1890s.

They are also seen during and after the First World War, when groups within the Armed Forces began to discuss the need to promote the industrialization and development of basic industry as crucial for *national security*. I would underline here the role of such officers as Gen. Enrique Mosconi, later the first director of the state oil company, Yacimientos Petrolíferos Fiscales (YPF), whose thinking on protection

of oil resources was known throughout the continent—in Mexico, Colombia, Bolivia, Uruguay and Brazil; and Gen. Manuel Savio, the founder of military engineering who in the 1940s built the company Fabricaciones Militares and laid the basis for creating the giant Somisa steel complex.

Reflecting a sentiment still found today in Ibero-America's armed forces, and which provokes rage among the Anglo-Americans, General Savio said in 1942 before a group of industrialists, "I feel compelled to say, without euphemism, that without the state's open protection, this and any other [industrialization] plan faces the same fate; it's no secret that the universal production of all the products I've named is controlled by powerful organizations, with sufficient means to unleash decisive crises wherever and whenever they please." Savio told the industrialists, "Either we extract this iron from our deposits . . . or we refuse to leave behind our exclusive status as an agricultural, cattle-raising nation, with all of the grave consequences that implies for the nation."

It was the nationalist Gen. Juan E. Guglielmelli who, in his fight against the free-traders of the military junta that took power in 1976, particularly Finance Minister José Martínez de Hoz, published excerpts of Carlos Pellegrini's letters and speeches against free trade, taken from the 1875 and 1876 debates on the customs law in Argentina's lower House.

List and Carey's writings profoundly influenced the group led by Vicente Fidel López. First as a congressman, then as President (1890-92), and later as a senatorial candidate in 1903, Carlos Pellegrini insisted that Argentina had to achieve its economic independence from Great Britain. "It's clear," he said in the 1876 congressional debate, "that today we are simply a pastoral people and that our only wealth is reduced to shepherding and in very small part to agriculture. Where is the nation in the world which has become great and powerful on the basis of shepherding? I think it would be very difficult to find." In the 1875 debate, he warned, "We are, and will remain so for some time unless we find a remedy, a farm to the great manufacturing nations."

Pellegrini emphasized that the protective tariff should not be used simply as a fiscal tool, as many proposed, but rather as a vehicle to achieve harmonious industrial development. He asked Argentine statesmen and businessmen to elaborate a detailed and broad plan to achieve the country's industrialization, and toward that end, in 1899 and 1900, he personally directed a survey to determine the level of industrial activity in the country at that time. "We all are, and have to be, protectionist," he said, "and the only possible disagreement is over the form and extent of that protection." It was the responsibility of Argentine capitalists to invest in their country, thus providing enough resources "to carry out the projects which national growth demands."

Pellegrini served as President for only two years (1890-92), but the measures he took during that period caused such

panic in London, that the British even considered military intervention to protect their interests. As President, he went well beyond the protectionist tariffs first applied in 1875, promoting the development of regional industries and, by 1891, achieving the reduction of British imports by 48%.

Popular ferment against British usury at that time was significant. In 1891, while public demonstrations were held in front of British banks and companies, Pellegrini closed several private banks and created the state bank, the Banco de la Nación Argentina, in order to finance national industry. To one of his collaborators, Pellegrini confided, "Today, we create a bank with national capital." He also imposed taxes on foreign banks and insurance companies, stopped giving concessions to British railroad companies, and established a system to strictly regulate their finances.

Chile's industrializers

Almost parallel to Pellegrini's era, in neighboring Chile a grouping emerged around José Manuel Balmaceda, and linked to the Industrial Promotion Society. Balmaceda, a follower of Friedrich List, was elected President in 1886, from which post he promoted infrastructural development, education, and the creation of a national bank.

Some 30 years earlier, in the 1850s, President Manuel Montt had tried to encourage national investment in infrastructure and strengthening the state's role in the economy. But after he was overthrown at the end of that decade, unbridled free trade was imposed on the country by 1864 which, among other things, strangled the merchant marine and nascent industry.

But in 1883, the Industrial Promotion Society published its founding document, which stated that "Chile can and must be industrialized . . . it must be industrialized because it has the capacity to be so; it has important minerals in extraordinary abundance . . . and all the chemical products which industry needs for its creation and development." In February 1884, the society reported in its third bulletin that "among the illustrious individuals who make up our men of government . . . a single idea circulates, accepted without discussion, on the need to protect national industry and through that open up the great sources of wealth the country possesses."

Balmaceda's presidency was a real attempt to build and transform the nation. The list of projects his government successfully completed includes several railroad lines, including one 1,200 kilometers long; more than 1,000 kilometers of roads of all different types especially to facilitate the colonization of more remote areas of the country; and at least 300 railroad and road bridges. He created the Ministry of Industry and Public Works for the explicit purpose of protecting industry.

With the building and expansion of railroads, the number of workers also increased, and in general there was significant population growth. From 1880 to 1890, the working

population increased by more than 50%. Balmaceda modernized education, creating specialized schools in the areas of industry, mining, and agriculture. Landlords linked to the export trade constantly complained that the new jobs created by the railroads and construction of public works paid wages that were too high, taking away the cheap labor they needed for agriculture.

But Balmaceda persevered. He emphasized that "the state, in large part, can supply those elements whereby individual aptitudes must exercise their direct and benevolent action, and that is why I insist that fiscal wealth be applied to the building of lyceums and schools and all type of institutions of learning to improve Chile's intellectual capabilities; that is why I won't cease to build railroads, roads, bridges, docks, and ports to facilitate labor, encourage the weak, and increase the energy through which the country's economic vitality flows."

In July 1891, in presenting his proposal to the House of Deputies for the creation of a national bank, which unfortunately was never created due to the civil war which erupted shortly afterward, Balmaceda said that "the creation of a bank with the approval and strict vigilance of the state . . . is one of the most efficient ways to develop the country's wealth, prevent economic chaos, and through the action and effective agreement of the community, protect the economic life of all honorable industry and trade against the usury and the influence of the few."

On various occasions, he publicly expressed his intention of nationalizing the saltpeter industry, over which foreign and especially British capital had almost complete control. He so profoundly threatened the entrenched British interests in the country, that they finally organized the "Revolution of 1891" to overthrow him. As a result of that war, which cost 10,000 lives and severely damaged the national economy, British interests reasserted their domination. It was a war openly financed by British interests, through the Edwards family, one of London's primary representatives in Chile.

Enrique Matte, one of the pro-British bankers who helped overthrow Balmaceda, boasted in 1892 that "we are the owners of Chile, the owners of capital and land; what remains is a saleable and malleable mass; they don't count, neither as opinion nor prestige."

Today, the Anglo-Americans are no less explicit in their intentions of being the imperial owners of the Ibero-American continent. The problem they have, as we've already seen in the cases of Venezuela and Peru—and other cases which are now percolating will undoubtedly arise—is that, as in the nineteenth century, people get fed up with the looting, the degradation, and oppression, and at a certain point, they just say, "Enough!" Our job today is to wage the fight so that that "Enough" serves to reestablish the humanist principles which are firmly rooted in the Ibero-American people, in their tradition, and their history, and only remain to be rescued and cultivated. We have no choice but to do that.