American System economics and the roots of Mexican republicanism

by Luis Vásquez

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Mexico could not have survived into the twentieth century as a republican nation-state without the efforts of men who, in the 19th century, devoted themselves to realizing in Mexico a political and economic system that followed in the footsteps of Leibniz, Colbert, Chaptal, Dupin, List, Henry Carey, and Alexander Hamilton. These men, including Francisco García Salinas, Estevan de Antuñano, and Carlos de Olaguibel, fought to free Mexico from the taint of British "utilitarianism" exemplified by Jeremy Bentham, and instead to found a republic that took its inspiration from the American System of economic development, and from the tradition of Colbert in France.

These republican ideas first began to be diffused and gained wide support following Mexico's independence in 1821. Such ideas had first been introduced in Mexico in the 17th century, under the reign of Spanish King Charles III, whose explicit policies promoted the rapid diffusion of scientific thought from the Iberian peninsula into New Spain, largely through the writings of such mercantilist thinkers and economists of Bourbon Spain as Pedro Rodríguez de Campomanes and Count Floridablanca, both of whom were known for their attacks on British free-traders such as Adam Smith, the author of *The Wealth of Nations*.

Alzate and the Bascongadas Societies

One of the foremost proponents of the ideas of the Spanish mercantilists was the Mexican humanist and scientist, José Antonio Alzate, who was himself a disciple of Benjamin Franklin. Alzate was the correspondent of the Bascongadas Societies, which edited and published in Mexico editions in Spanish of economic and philosophic literature, including writings by Campomanes on the grain trade which were a devastating attack on British free-trade ideas.

The Bascongadas Societies also set up "Patriotic Schools" similar to the German *Kameralist* schools. These were dedicated to educating Mexico's future leaders, and to training the people who would be running Mexico's economy. The introduction to the Mexican edition of the policy document on the Patriotic Schools, published in 1776, possibly written by Alzate himself, stated:

> You must try to establish industry in all its different branches and forms. You must try to give agriculture a new appearance by adopting methods and machines that facilitate work. . . . The worker must be guided, supported. . . . You must try to erect new manufactures, to improve those already established, to encourage the poor but industrious artisan. . . . You must educate the citizen in a completely new and great manner.

The Patriotic Schools project spearheaded a drive in Mexico to establish schools, and buildings to house collections of models, machines, books, writings, and paintings "for the perfection of society." But Mexico's political independence was not consolidated until 1821. Mexico, like the rest of the Latin American colonies, had been a source of raw materials to be looted, and a victim of international financial usury. Only in the example of the fledgling United States could Mexico see the opposite economic programs. Defenders of the British utilitarians had begun to promote their ideas for Mexico as early as 1811, when works of Jeremy Bentham were published in Mexico. But after the 1821 independence, the American model had become sufficiently well established that one of the first ceremonies conducted by the Mexican Constitutional Congress of 1824 was to hang the portrait of George Washington among its gallery of heroes.

Francisco García Salinas: industrializing Zacatecas

One of the first men who was able to carry out Hamiltonian political-economic ideas in Mexico was Francisco García Salinas, governor of the state of Zacatecas from 1828 to 1835. García Salinas was the first governor to promote a policy of protectionism and to establish Zacatecas as an industrial marketplace. The city of Jérez became one of the most important textile centers in the country; mining and related industries flourished when García contracted with Belgian technicians to bring machines and technology that revolutionized the methods of mineral extraction. García also established a militia that became the backbone of the Mexican army, introduced new methods of agricultural cultivation, irrigation using aqueducts and artesian wells, and created a state bank to endow land and establish ironworks.

In his writings, García heavily attacked British free trade. In his *Exposition on the Dictum of the Treasury Commission Concerning the Prohibition of Certain Manufactures and Effects Abroad,* written in 1823, García had argued that the free-traders would promote unemployment and capital flight.

Unfortunately, García Salinas was driven from office in 1835 by the anti-constitutional government of General Santa Anna, whose army invaded Zacatecas and deposed García on the pretext of enforcing a law that eliminated civilian militias. General Santa Anna proceeded to destroy almost all of the carefully built up industrial infrastructure.

The *Mexican Industrial Weekly*

The *Mexican Industrial Weekly* was published between 1840 and 1842. It was sponsored by a group of industrialists headed by Estevan de Antuñano, who were seriously attempting to turn Mexico into an industrial power. In its short, but fruitful existence, the *Weekly* published Colbert's writings, as well as the Spanish mercantilists Campomanes and Floridablanca. It was the forum for nationalist defenders of Mexico, who cited frequently the names of Chaptal, Dupin, Hamilton, and Carey. And the *Weekly* was resolute in combatting the utilitarians, with the central point of their polemic the need for industrializing Mexico. In its edition of June 15, 1841, the *Weekly* said:

> The principal argument used against factories is reduced to this: "A country rich in minerals and located in the tropics must limit itself to taking into account its geographic position, and cultivate the fruits of the equinoxial regions; exporting precious metals, and those fruits that cannot be produced in Europe, in exchange for all the manufactured goods, for the use of machines has been a sort of privilege enjoyed by the old continent." This does not take into account the rapid steps taken by the United States in its industrial career. . . .

From its first issue, the *Weekly* reiterated the idea that industrialization for Mexico must be the basis for an economic program to consolidate Mexico as a republic. It warned of an "anti-national" campaign to destroy the nascent industry:

> To list all the ways that the enemies of industry agitate against it would take a long time. They use the mask of necessities of the treasury in favor of commerce, and the good of the consumer classes to: sow division, incite envy, foster lack of confidence. . . .
>
> The destruction of industry is always that of the population, which grows and increases in proportion to its means of subsistence.

Under Antuñano's impetus, the *Weekly* undertook a campaign to promote dirigist policies for Mexico, arguing for a state strong enough to generate the necessary environment for effective development of the creative powers of the population.

Antuñano's program contained the following points:

- The introduction and construction of machinery to take advantage of modern industrial procedures.
- Intervention of the state in industry based on creation of Banks for Industrial Development, protective tariffs, state-run enterprises dedicated to industrial production, and incentives for those who had dedicated themselves to Mexico's industry.
- A policy of welcoming foreign industries and the extension of capital to attract foreign industry to the country.
- A program of generalized education for workers.

Antuñano's *Weekly* argued in favor of the introduction of modern machinery as a means of increasing employment; the workers would be able to increase consumption of goods, and thus, the production of goods. The *Weekly* also argued against the British monopoly on machinery, arguing that this is an undue restriction on the right to industrialize.

The type of state intervention proposed by the *Weekly* was decidedly Colbertist in nature:

> One of the means that governments have frequently adopted in planning a new branch of industry has been that of funding nationalized establishments. . . . France has been noted for its use of these businesses. The recognized principle is that the state . . . is richer and can take charge of new operations . . . and give them more direction. Monopolies are always better in the hands of the government, because they direct them with greater moderation. . . .

This last proposal was not enacted until the Revolution of 1910. At that same time, another program first proposed by the *Weekly* was also enacted: Banks for Industrial Development run by the state to foster investment in industry. According to the *Weekly,* the proposed Mexican Banks for Industrial Development had their antecedent in Banks for Mining Development that had been created by Charles III, to provide credit for equipment and raw materials, together with protective tariffs. One of the main purposes of these banks was to attract both foreign capital and foreign skilled workers.

In the 1840s, Mexico's greatest danger was anti-Mexican interests, led by the British Crown, who virulently opposed programs such as those proposed by the *Mexican Industrial Weekly*. Lord Palmerston himself, in the House of Commons on May 18, 1841, declared: "[Mexico] has reclaimed for itself the protection of industry and production of their country. . . . Every year they reduce the amount of products of our manufacture. . . . Every year, they export articles with which we protect the manufactures of other nations. Every year our capital emigrates to establish factories in foreign countries where they believe they will earn more. If we continue thus, we will remain reduced, in a short period of time, to the export of machines, which we will send to foreign countries, so they can manufacture for themselves the things that before we apportioned to them. . . ."