
Carlos de Olaguíbel y Arista, 1875

'The system of Malthus is fatal'

During the 1860s and 1870s, Mexican economist Carlos de Olaguíbel y Arista, a follower of Friedrich List, was a leading proponent of protectionism in Mexico. In 1875-76, he was a spokesman of the republican cause opposing the "purists" who advocated free trade. His polemics against British economic liberalism were published in the newspaper Monitor Republicano and later in the book El Proteccionismo en México (Protectionism in Mexico). Olaguíbel devised one of the most complete programs for Mexico's industrial development. He had studied List as well as Alexander Hamilton. The following excerpts are taken from Protectionism in Mexico, written in 1875:

Free trade would presuppose the exclusion from Mexico of many important manufactured products, the complete destruction of our industry, the misery of many families, and many other evils, because it would destroy—as it has already destroyed—the natural division of labor. We are told that since Mexico is an essentially agricultural or mining country, it does not need industry to progress. This objection implies several fundamental considerations. The first is that experience shows that an essentially agricultural or mining country does not progress without the aid of industry; secondly, that agriculture neither develops nor serves the progress of a people unless it is sustained, converted into industry, by industry itself.

We believe that our honorable antagonists will recognize the truth of the assertion that the United States is a country whose agricultural and mineral resources have virtually no rival in the world. Its West, rich in land and in mines, could supply the Earth's population with grains and metals. However, the economic history of that admirable republic proves, very significantly, that every time its government has abandoned a protectionist system, the country's general progress has been observed to decline considerably.

It is appropriate here to briefly review the history of the protectionist system in the United States, because revealing how much our neighbor owes to the economic doctrine we defend, confirms the point that currently concerns us; namely, that a country, even if an agricultural or mining one, cannot develop without the aid of industry. . . .

The enormous development of the United States began to take off thanks to the protectionism adopted at that time. When war broke out between Great Britain and its American

colonies, the English imports ceased. While causing temporary hardship, this permitted the establishment of factories in the states. . . .

Once the peace treaty with England was signed, imports were reestablished and the country returned to agriculture. Based on the history of that time, American writer Orin Skinner notes that when conducted intelligently—we could say industrially—agriculture by itself not only does not produce the same result as industry does, but also makes clear that the country cannot progress without the factories which, in our view, have made the natural division of labor possible. The country felt then, quite urgently, the need to return to the healthy and practical doctrines promoted by Alexander Hamilton in his admirable 1791 report. According to the writer we have quoted: "The most satisfactory results followed the adoption of those principles; not only was manufacturing reestablished, but with its advance came the development of trade and agriculture. . . ."

The second point I want to address broadens and strengthens the issue under discussion. We said that agriculture neither develops nor serves the progress of a people unless it is sustained, or better transformed into industry, by industry itself. List, the distinguished German economist, has made interesting observations in this regard, considering data from several countries. It would seem naturally to follow that the extraordinary demands of industry promote the prosperity of agriculture. . . .

Industry is the basis of productive forces

While enjoying the fruits of the peace to which we have aspired, Mexico offers a practical demonstration—in our view—of the obstacles which agriculture, unsupported by industry, presents to the material, intellectual, and moral development of a new nation. When, in obedience to a centuries-long routine, agriculture yields enough for man to live on comfortably, he feels no need to educate himself and seek new horizons for the intellect; he consumes what he produces and a little more derived from trade of his crop surplus. He does not live, as do people in nations where industry flourishes, by acquiring knowledge and applying it to the exploitation of the land, to overcome the competition of his neighbors. . . .

Industry is the foundation for agriculture, industry gives value to agricultural products, gives life to trade, and requires by its very nature the aid of science; in a word, industry is, in my opinion, the spring which sets into motion all the productive forces. . . .

The victory of protectionism is highly important because it will do away with misery, with the diseases it yields, and even with the system of Malthus which has necessarily been established among us and which, ultimately . . . is fatal, because it prevents the growth of the population, that growth we need so and which must be maintained even if it should increase too much, as long as industry is protected.