Tradition of nation-builders is still alive in Brazil

by Cynthia R. Rush

EIR is pleased to publish here "The Influence of the American System of Political Economy in Brazil," an article which first appeared in 1995, as an appendix to the first Portuguese-language edition of Alexander Hamilton's *Report on the Subject of Manufactures*. Published by the Ibero-American Solidarity Movement (MSIA), a co-thinker organization of Lyndon H. LaRouche, the edition's prologue was written by LaRouche, and its introduction by the venerated, now 101-year-old Brazilian patriot, historian, and president of the Brazilian Press Association, Barbosa Lima Sobrinho. The authors are *EIR* correspondent Lorenzo Carrasco Bazúa and MSIA director Geraldo Luís Lino.

The subject matter of the article is of the utmost relevance, since the systemic crisis of the world monetary system threatens to unleash in Brazil—in the near term—the kind of financial earthquake which has already devastated the nations of Southeast Asia and other "emerging markets." President Fernando Henrique Cardoso has, since taking office in 1994, manically pushed Brazil onto the "globalization" track, with the resulting loss of its sovereignty. But, as Carrasco and Lino show, there is a rich tradition of nation-building in Brazil, found in the 19th- and early 20th-century proponents of Hamilton's, and later, Henry C. Carey's and Friedrich List's American System of political economy, with which today's nationalists can identify, and find an alternative to the disasters of globalization and neo-liberalism.

Much of the history of these pro-U.S. networks in countries like Brazil is hidden—deliberately or otherwise—such that society today is deprived of the knowledge that an interconnected *international* apparatus, run by Henry Carey and his collaborators, existed to build sovereign nation-states around the globe. (See Anton Chaitkin, "The 'Land-Bridge': Henry Carey's Global Development Program," *EIR,* May 2, 1997.)

In Brazil, the direct contact between nationalists and the international Carey network has yet to be discovered, but it is most certainly there. One clue is found in the fact that in 1878, Brazilian nationalist Ferro Cardoso translated into Portuguese and published Carey's *Letters in Response to the London Times*. In his introduction, Cardoso argued that there is "no plausible reason why Brazil should remain stagnant, tied to the routine ideas of the Old World, so logically fought by the splendid results of the doctrines adopted by the United States." There is no doubt, he added, "that there will be the most complete triumph [in Brazil] for protectionist principles, the only ones capable of developing a nation's moral and material progress."

The battle lines were clearly drawn. Republican Finance Minister Rui Barbosa wrote in 1891 that his policies were inspired by "the genius of Hamilton." On the other side stood free-trader Eugênio Gudin, who applied the racist argument that Brazil shouldn't develop a steel industry, because "steel is for nations of white people." Gudin's cothinker, Finance Minister Joaquim Murtinho, similarly wrote in 1897, "We cannot, as many wish, take the United States of America as a model . . . as we do not possess the superior aptitude of its people."

From Hamilton to LaRouche

Today, LaRouche's proposals for a bankruptcy reorganization of the world economy, and the creation of a New Bretton Woods system based on the principles of physical economy, are being hotly debated in Brazil. Presidential candidate Dr. Enéas Carneiro has endorsed LaRouche's call for a war against the International Monetary Fund and for a new international financial system, most recently in an interview with the daily *Folha de São Paulo* on April 20 (see article, p. 22). *EIR*'s correspondents in Rio de Janeiro report that the mere publication of the interview with such prominent mention of LaRouche's name has infuriated the local oligarchy.

In an article entitled "The Right to Smile," published in *Jornal do Brasil* on April 12, Barbosa Lima Sobrinho promotes Alexander Hamilton as the answer to "globalization . . . a new name for an economic policy which has dominated the world since the 18th century, under the auspices of . . . Adam Smith, which made possible England's power . . . to conquer its tributaries." Then, Barbosa explained, globalization was known as "economic liberalism," but met "resistance from a nation which had just won its independence, precisely against England—the United States of America, which had at its helm in the Treasury Department, a man of watchful intelligence, Alexander Hamilton. . . . This U.S. Treasury Secretary produced an excellent *Report,* which only now . . . has been translated into Portuguese, thanks to a Mexican journalist resident in Brazil, [*EIR* correspondent] Mrs. Silvia Palacios de Carrasco, who works for a similarly heretical organization of the United States, that of Mr. Lyndon LaRouche."

The Brazilian patriot's remarks recall his words in his introduction to the Portuguese edition of Hamilton's *Report:* "Thanks to the efforts of the American economist Lyndon LaRouche, . . . today the world is again learning about Hamilton's works. . . . LaRouche calls for applying the principles of the American System to the world economy, as a way out of the crisis in which it is submerged."

Reviving Hamilton's 'American System'

by Lorenzo Carrasco Bazúa and Geraldo Luís Lino

The following was published as the appendix, entitled "The Influence of the American System of Political Economy in Brazil," to the first Portuguese-language edition of Alexander Hamilton's Report on the Subject of Manufactures.

From the time that Brazil became independent from Portugal in 1822, the teachings of the American System of political economy, as elaborated by Alexander Hamilton, Mathew and Henry Carey, Friedrich List, and others, were at the center of a battle between the two factions which fought for the right to direct the country's future, through the fight for industrialization. On one side were the group of "nationalist industrialists," which, although precariously organized much of the time, intended to use the expansion of manufacturing as the driver for national modernization. On the other side, were the caste of landlords, financiers, speculators, and commercial middlemen whose "life's work" was limited to appropriating the surplus of capital available for investing in real estate or other activities which allowed them to live off their "profits." This is an aspiration which, even today, is predominant among the domestic oligarchies, which have only broadened their speculative activities in order to attain this goal.[1]

For the first group, industrialization wasn't understood as an end in itself, but rather as a fundamental element in the building of a modern, prosperous, and democratic nation. This, for example, was the idea of Rui Barbosa, the Republican regime's first Finance Minister (1889-91). He wrote:

> The development of industry is for the state, not simply an economic matter. In the old regime, with its exclusivity and privilege, the nation, with all its social activity, belonged to leading classes or families. . . . But it cannot be so in a republican system. The republic will only be consolidated among us, on a firm foundation, when its functions are grounded in the democracy of industrial labor, a crucial element to bring about the necessary balance.[2]

An analogous position was defended by Roberto Simonsen, one of the leading Brazilian industrialists in the first half of the 20th century:

> To deny that the development and consolidation of Brazil's industrial plant brings about an increase in wealth, prestige, power and education of our own people, is to deny the most basic principles of political and social economy. In every part of the world in which it is set up, large industry brings as a corollary the improvement of wages, the relative lowering of prices, social enrichment, and an increase in the capacity of consumption. As a further consequence, it intensifies trade relations, the means of transportation, and the victorious advance of civilization. Brazil's industrial plant, therefore, can only bring about an increase in its wealth.[3]

The opposing faction defended the fallacious argument that Brazil was an "eminently agricultural" country, and that any attempts to establish industry among us would be "artificial" and contrary to the teachings of economic liberalism, predominant among Brazilian elites. The anti-industrial sentiment of this latter faction was so deeply rooted, that even the publications of the Auxiliary Society for National Industry (SAIN), founded in 1828 nominally to support industrialization, emphasized that industry had a predominantly "comple-

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1. For an excellent treatment of the historical antiquity of the "parasitical" character of Brazil's oligarchies, see João Fragoso e Manolo Florentino, *O arcaísmo como projeto: mercado atlântico, sociedade agrária e elite mercantil no Rio de Janeiro, c.1790-c1840* (Rio de Janeiro: Diadorim, Ed., 1993).

2. Rui Barbosa, "Relatório do ministro da Fazenda," in the *Complete Works of Rui Barbosa* Vol. XVIII, No. III (Rio de Janeiro: Ministry of Health and Education, 1949), p. 143.

3. Roberto C. Simonsen, *Evolução industrial do Brasil e outros estudos*. Selections, notes, and bibliography by Edgard Carone. (São Paulo: Cia. Editora Nacional/Ed. da Universidade de São Paulo, 1973), p. 57-58.