

COMMERCIAL CRISIS AND ECONOMIC IDEOLOGY IN NEW GRANADA, 1825-1850

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I

Between 1820 and 1845 a substantial number of men in Bogotá's upper sector made some modest, but nonetheless notable, efforts at the establishment of modern manufacturing. In these years they established an ironworks and a porcelain manufactory and they attempted to found paper, glass and cotton textile factories. What is striking about these efforts is the fact that they occurred in the context of commercial crisis and economic stagnation.

This paper will sketch the economic context and aspects of the ideological environment in which these modern factory enterprises were initiated. While there were several motivations for upper-class efforts to implant modern factories, two central ones were 1) the desire to modernize the country, in order to bring it into line with standards prevailing in Western Europe and the United States; and 2) the need to cope with the commercial crisis and economic stagnation afflicting the country in these years. The concern to modernize can be seen also in parallel efforts to develop transportation, establish mass public education, and introduce the latest conceptions of European natural science and social thought into higher education.¹ As this concern to modernize has been discussed elsewhere and as the topic of this conference is economic relations between Europe and Latin America in the period, I will not elaborate much on the modernization theme. Rather I will particularly discuss the impact of Colombia's (later New Granada's) economic relations with Europe in the period, the ways in which these relations created a commercial crisis in the new republic, and the thinking of the country's political and economic elites about how to deal with the crisis. In general one may say that

1 On efforts at transportation modernization, see Gilmore and Harrison (1948); on developments in education and other aspects of institutional modernization, Bushnell (1954); on efforts to introduce the latest in natural science and change professional orientations and attitudes toward work, Safford (1976: particularly chaps. 2 and 4).

the economic crisis of 1825-45 encouraged some in the New Granadan elite to contemplate the development of an early form of import-substitution manufacturing and to advocate a protectionist policy in its support. Nevertheless, supporters of protectionism may well have been in a minority among the elite, and their only period of relative political strength was in the 1830s, most particularly between 1831 and 1834. New Granadan leaders were temporarily buoyed by the enthusiasm of Independence. Like many Europeans at the time, upper-class New Granadans believed that Spanish misgovernment was chiefly responsible for the country's backwardness and poverty. Once the burden of Spanish colonial rule was removed, they believed, they could begin to move closer to the economic, institutional, and ideological standards then prevailing in the more advanced European countries. Republican government, rational economic policies, and the immigration of foreign capital, technique, and skilled labor would bring rapid growth. There was, therefore, an openness to change, particularly in the 1820s but also in the 1830s, which provided an environment in some ways receptive to new techniques.

The post-independence desire for change was encouraged by the arrival in New Granada of substantial amounts of foreign capital, for the most part British, as well as a modest number of foreign entrepreneurs. The capital came in part in the form of loans contracted by the government of Colombia in England between 1822 and 1825.²

A second major source of capital was the British-owned Colombian Mining Association, capitalized at a million pounds, which in 1824 won a contract to revive and operate the flooded and abandoned silver mines of Mariquita. Lesser, but still significant, amounts of capital came from a few individual entrepreneurs. Most notable among these was John Bernhard Elbers, a German-English merchant resident in Jamaica during the Independence years, who had extended wartime credit for arms and munitions to the insurgent Colombian government and in 1823 won a twenty-year monopoly privilege to operate steamboats on the Magdalena River. By the end of the 1820s Elbers had spent more than 236,000 pesos on the steamboat enterprise, much of this, however, in the United States where he bought his first steamboats (Restrepo 1952: 135-137; Gilmore and Harrison 1948: 335-344).

Along with this British capital there came a number of fortune-seeking immigrants from various parts of Europe as well as the United States.

2 "Deuda extranjera," *Constitucional de Cundinamarca* (Bogotá, Apr. 30, 1837).

Many of these immigrants lacked notable capital resources, but they brought a spirit of enterprise which was fed by a mistaken belief in New Granada's immediate economic potential. Most of these fortune-seekers shared with the New Granadan elite the assumption that Spanish rule was principally responsible for the country's economic backwardness. They believed that the new nation, freed from the pernicious effects of Spanish tyranny, could begin to develop long-neglected natural resources, particularly with the aid of Western European economic and technical tutelage. Among the first elements of foreign enterprise were the British merchants who arrived in the port of Cartagena as early as 1812, during the earliest stage of Colombia's prolonged struggle for Independence. Others were British military adventurers, contracted to fight the Wars of Independence after 1815, a small number of whom stayed in New Granada to seek their El Dorado in more peaceful ways. Finally, during the 1820s larger contingents arrived. The British silver-mining company sent some 191 engineers and miners during the 1820s, and other mining engineers — most notably Britons and Swedes — gravitated to the gold-mining regions of Antioquia. Merchants from France and other Continental nations joined earlier arrivals from Great Britain and the United States in the port cities and other commercial centers (Safford 1965: 509-514).

The fortune-hunting Europeans stimulated many new enterprises. Whether arriving as military officers or as merchants, they soon perceived a variety of new, previously neglected opportunities. Converging on Bogotá, they sought government concessions or patents to establish new enterprises or to manage old ones. One Briton threw his energies into hunting for pre-Columbian treasure by systematically draining Lake Guatavita of El Dorado fame. Some sought to introduce improved methods in the government's salt mines at Zipaquirá and others tried to establish new branches of manufacture, such as a paper mill.³

The inflow of foreign capital and the activities of the foreign entrepreneurs helped to create an atmosphere of optimism, and hence of enterprise among the Colombian upper class. To carry forward their projects the foreign adventurers often linked up with members of the Colombian upper class, either because they needed their capital resources or, more likely, because it was politically expedient. Thus some Colombians soon became directly involved in the process of economic modernization.

3 Safford (1965: 509-514); Cochrane (1825, II: 175, 185, 192-208); Humphreys (1940: 269-271).

Foreign interest in Colombia, however, did not long sustain the thrust of the early 1820s. For a variety of reasons Britons and other foreigners soon concluded that this El Dorado was very thinly gilded. The Mariquita silver mines did not bring the early return which the Colombian Mining Association had hoped for; against more than a million pesos plunged into the mines, the company by 1836 had managed to extract only 138,000 pesos of silver (Restrepo 1952: 135-137). Others suffered more dramatic disappointments as the political conflict and instability of 1826-31 combined with the fundamental poverty of the country to frustrate the hopes of European investors and entrepreneurs. British investors who had bought Colombian bonds with a nominal value of more than £6,750,000 between 1822 and 1825 soon learned that this debt was a burden too heavy for the Colombian economy to bear. In 1826 the Colombian government defaulted on its interest payments, quotations on these bonds fell to catastrophic levels, and the British public lost any further interest in this form of investment in Colombia (Jenks 1927: 44-49, 63-64; Rippey 1959: 19-21). Some individual entrepreneurs in Colombia also had reason to feel either bilked or deeply disappointed. Elbers, the steamboat entrepreneur, after his considerable individual investment, was stripped of his monopoly privilege for failing fully to comply with its terms (Gilmore and Harrison 1948: 344-348; Safford 1965: 510-515). Aside from the unfortunate experiences of these early foreign enterprises, the political atmosphere of Colombia (the republic that until the end of the 1820s embraced Venezuela, New Granada, and Ecuador) undoubtedly contributed to the disenchantment of foreign interests. The period from 1826 through 1831 was filled with factional strife. The President of the Republic, Simón Bolívar, backed by New Granadan and Venezuelan adherents who favored his plan for a strong semi-monarchical government, was pitted against the Vice-President, General Francisco de Paula Santander, and his New Granadan followers who were determined to retain a republican system more closely modelled on that of the United States. This struggle became entangled with regional rivalries between Venezuelans and New Granadans. This regional rivalry in turn was expressed in terms of conflict between civilians and military, as the Venezuelans dominated the military while New Granadans occupied the bulk of the positions in civil government. These intertwined conflicts led successively to establishment of dictatorial rule by Bolívar, an assassination attempt against Bolívar (1828), the collapse of the government of Colombia (each of its three components forming a separate republic), Bolívar's resignation, the seizure of power in New Granada by the Vene-

zuelan General Rafael Urdaneta (1830), and finally, Urdaneta's expulsion in 1831. New Granadan leaders in 1831 managed to establish a republican government that endured without overthrow for more than twenty years. In the early 1830s, however, the reborn republic was challenged by a series of conspiracies that kept the political class in a dither and must also have induced caution among potential economic entrepreneurs. While the country remained relatively peaceful between 1834 and 1839, it was riven by a major civil war between 1839 and 1842. Thus in the years between 1825 and 1850, New Granada offered a political environment that was not particularly conducive to enterprise, whether foreign or national.

The sad experiences of those who invested in Colombia in the 1820s and the political disturbances of 1826-1831 shaped a new attitude of Europeans towards the country. Accounts of the country published by foreigners in the early 1820s tended to glow with optimism about the future of Colombia (in some cases because they were written to help puff bond sales in London). By contrast, foreign accounts written after 1830 tend to take a more jaundiced view, emphasizing the deficiencies of New Granadans as a people and of New Granadan society rather than the potential of their natural resources.

After about 1830, therefore, foreign interests, with few exceptions, shied away from New Granada. The New Granadan upper class was left fundamentally on its own and in very difficult circumstances. One of the most pressing problems of the period from 1825 through 1845 was a chronic imbalance in foreign trade, which caused local currency to be drained off as exchange.

The trade deficits of these years apparently were more acute than any in the memory of New Granadans. In the late colonial period, while Spanish restrictions and the high cost of imported goods had limited imports, New Granada had enjoyed some temporary, and modest, success in exporting cinchona bark and cotton to Europe and cacao to Mexico.⁴ Independence, however, brought both a welling flow of imported goods and a sharp decline of agricultural exports. The low cost of British goods in relation to colonial price levels, along with the influence of the foreigners newly arrived in New Granada, induced a dramatic change in consumption patterns among the upper and middle sectors, who began

⁴ Fermín de Vargas (1953: 23, 41-43); reports of Viceroyos D. José de Ezpeleta (1796) and D. Pedro Mendinueta (1803) in Posada and Ibáñez (1910: 350-354, 508-511), and in Giraldo Jaramillo (1954: 174-177, 215-218); Pombo (1921: 692-693).

to dress themselves and to refurnish their homes as much as possible according to European modes.⁵ In addition, New Granada was now importing more agricultural commodities than in the colonial era, in part because of declining domestic production, in part because of foreign price competition. Wheat rust (*polvillo*) had severely reduced grain crops in places as widely separated as the Sabana de Bogotá and Sonsón in the province of Antioquia. Because of declining productivity as well as North American competition, New Granadan wheat producers had lost many domestic markets they formerly supplied in the colonial period. In fact, supplies were short even in some of the wheat-growing areas.⁶ Similarly, by the end of the 1820s, the New Granadan tobacco industry, partly because of a shortage of capital in the government tobacco monopoly, was no longer able to supply domestic demand, so that Virginia tobacco had to be imported. Even New Granadan *anis* was having to give way in domestic markets before French competition.⁷

While importations increased dramatically, some of New Granada's principal agricultural exports fell into discard. New Granadan cinchona bark, which enjoyed a temporary boom between 1802 and 1808, had been discredited before the beginning of the independence movement by shipments containing worthless bark. Before independence cotton also was exported both from the Caribbean coast and from the interior region of Girón. By 1830, however, shipments from the interior had stopped entirely and those from the coast were insignificant. New Granadan producers could no longer compete with those in the United States, both because of the high cost of processing (they lacked gins) and because of high transportation costs from the interior. Finally, exports of cacao to Mexico from the region of Cúcuta (via Lake Maracaibo) and from the lower Magdalena valley were killed by wartime losses of plantation-owners and merchants, by bad harvests in some areas, and by a prohi-

5 Informe del diputado consular de Medellín, July 2, 1831, and report of Rufino Cuervo, Governor of Bogotá province, to Minister of Interior, Dec. 15, 1831, ANB, Miscelánea General, República, vol. 161, fols. 75-78, 180-182; "El lujo," *Constitucional del Cauca* (Popayán, Nov. 10, 1832); "Pobreza," *Constitucional de Antioquia* (Medellín, Feb. 10, 1833).

6 Informe del diputado consular de Mompox, Nov. 5, 1830; Informe del diputado consular de Bogotá, June 7, 1831, and Informe del diputado consular de Rionegro, July 9, 1831, ANB, Miscelánea General, República, vol. 161, fols. 171-173, 195-197, 203-206.

7 Informe del diputado consular de Mompox, Nov. 5, 1830, and Informe del diputado consular de Bogotá, June 7, 1831, ANB, Miscelánea General, República, vol. 161, fols. 180-182, 203; Wills (1831: 10-11).

bitive duty levied by Mexico's republican government.⁸ Consequently the only notable export remaining to New Granada in the 1820s and 1830s was the gold extracted from Antioquia, the Chocó, the Cauca, and, in smaller amounts, the province of Neiva in the upper Magdalena valley. Furthermore, gold production also had declined between 1810 and 1830 because of wartime disruption.

Exports of gold, whether legally in the form of coin or as contraband in gold dust, were therefore insufficient to balance the increased imports of the period. Already in 1822-23 Gaspard Theodore Mollien noted that New Granada's imports exceeded its exports by 500,000 pesos per year. Lacking any other means to make up the exchange deficit, many in the New Granadan upper class were melting down their jewelry and silverware in order to be able to pay for imported goods (Mollien 1824: 376, 385-386). In the middle of the 1820s, the exchange imbalance was relieved temporarily by the inflow of foreign loans to the government and capital invested by British mining companies. By the end of the 1820s, however, the flow of funds from both sources had come to a halt and New Granada faced an acute and prolonged exchange crisis.

In October of 1829 a Bogotá newspaper complained that the adoption of European modes and new luxury consumption, and the consequent excess of imports was draining the country of currency and producing economic depression. It claimed that from 30,000 to 50,000 pesos in currency left Bogotá alone in each weekly mail to make exchange payments for imported goods. As a result, the only coin left in the capital was *macuquina*, irregular silver pieces coined during the Wars of Independence. Media of international exchange were becoming increasingly costly, with gold then at a premium of 8 percent over *macuquina*. And with the shortage of coin in circulation interest rates had shot up, on occasions it was alleged as high as 6 or even 10 percent per month. By the beginning of the 1830s almost every part of the country, including gold-mining Antioquia, complained of the drain of currency abroad and the acute scarcity of media of exchange in local markets.⁹

8 Informe del diputado consular de Mompox, Nov. 5, 1830, ANB, Miscelánea General, República, vol. 161, fols. 195-197; Wills (1831: 19-24, 27-28).

9 "Política," *Eco del Tequentbama* (Bogotá, Oct. 18, 1829); report of Rufino Cuervo, Governor of Bogotá province, to Minister of Interior, Dec. 15, 1831, and report of José Tiburcio Pieschacón and Joaquín Escovar to Governor of Bogotá, Dec. 5, 1831, ANB, Miscelánea General, República, vol. 161, fols. 75-86; "Unos campesinos sobre el comercio, agricultura e industria," *Constitucional de Cundinamarca* (Bogotá, Mar. 4, 1832); "Numerario," *Constitucional de Cundinamarca* (Bogotá, Dec. 6, 1832);

The trade crisis and exchange shortage of the early 1830s affected New Granada's domestic economy in many ways. Observers in the early 1830s noted that the greater importation of manufactured goods had adversely affected not merely New Granada's urban artisans but also many in the rural population as well. Since most weaving in New Granada was done by wives and children of peasant farmers, the flood of foreign goods had tended to undermine the domestic economy of small agricultural households.¹⁰ By 1833 and 1834 New Granadan commentators were also noting that the importation of foreign cotton and woolen cloth, by reducing local manufactures, had cut demand for locally-grown cotton and wool fibres.¹¹ The total effect was to impoverish, and thus reduce the consumer power, of rural families in the eastern cordillera.

More broadly, the expenditures of consumers at large, instead of circulating in the local economy, were being drained off in exchange payments. Because of the drainage of currency, and perhaps also the diversion of larger proportions of upper- and middle-class income into the consumption of imported semi-durables, there was a general softening of demand for local agricultural commodities. Agriculturalists were caught between extremely high credit costs and a stagnant or shrinking local market. Many farmers who sought to sell their properties in order to free themselves from accumulating debts found this was impossible. There were no buyers. According to a writer in Bogotá in 1832, as the amount of coin in circulation declined, properties lost their demand: "The property-owner who previously counted on ten thousand pesos, now has only five [...] Nobody buys, because he lacks money [...] public places are filled with notices, inviting buyers of various properties whose owners have not been able to pay the accumulated interest [on their debts] and they are ruined for lack of a buyer."¹²

The agricultural crisis of the time was reflected in widespread agitation for lowering the rate of interest on *censos* (quit rents owed to ecclesiastical and other institutions) from 5 to 3 percent per annum. Owners of agricultural as well as urban properties contended that, because of the fall in

"Comercio," *Mercurio Colombiano: Papel Político, Comercial, Literario y Religioso* (Cartagena, Sept. 13, 1832); report of junta de agricultores to Governor of Bogotá, Jan. 19, 1833, ANB, Miscelánea General, República, vol. 134, fols. 683-688.

10 Report to Minister of Interior, Bogotá, Nov. 9, 1831, *Constitucional de Cundinamarca* (Bogotá, Nov. 20, 1841).

11 Report of junta de agricultores to Governor, Bogotá province, Jan. 19, 1833, ANB, Miscelánea General, República, vol. 134, fols. 683-688.

12 "Numerario," *Constitucional de Cundinamarca* (Bogotá, Dec. 16, 1832).

the price of commodities, the scarcity of currency, the lack of investment possibilities, and the lack of an easy market for agricultural products, profits on real property had so diminished that they did not produce even 3 percent.¹³

Aside from the drain of currency, another problem in the external sector of which upper-class Colombians complained was the monopolization of the import trade by foreign, principally British, merchants. In the early 1830s cries of protest rose in chorus from some of New Granada's most important trading cities — from Bogotá, Medellín, Rionegro, Honda, and Mompox.¹⁴ Mercantile interests in these cities claimed that British merchants were on the verge of totally eliminating New Granadan ones from the import trade. British merchants, the Granadans pointed out, were supplied on consignment with goods directly from Great Britain, at factory prices, and with the added advantage of export discounts.¹⁵ British merchants also had advantages in shipping and exchange costs as, being engaged in direct trade with Great Britain, they could buy up such tropical exports as New Granada produced, sending them in backhaul to England. Granadan merchants, it was alleged, lacked the connections, the capital and the experience needed to carry on the direct import-export trade with England;

What native [*bijo del país*] has the capital to undertake a trip to Europe [...]? The cost of consignations and expenses in a country as costly as England would not permit any advantage whatever [to a Granadan merchant]. Although [...] one is not obliged to [...] [have a consignment agent in England], it is a complicated science. [...] a merchant needs relations in Scotland, a knowledge of the Manufacturers, to know by which route the goods must come, which goods Drobac has, and all this gibberish [...] All this obliges him to find a consignment agent, stay there [in Europe], and make great expenditures [...].¹⁶

Consequently, at this time most (perhaps all but a few) Granadan merchants, bought their shipments in Jamaica from British middlemen and at considerably higher prices than in England. Granadan merchants also had

13 "Reducción de censos," *Constitucional de Cundinamarca* (Bogotá, Feb. 16, 1834). See also "Interés legal de los censos," *Constitucional del Cauca* (Popayán, July 20, 1833), and "Reducción de censos," *Constitucional de Cundinamarca* (Bogotá, Apr. 6, 1834).

14 Cartagena's merchants seem not to have been concerned about this problem. For the views of mercantile interests in these six cities see ANB, *Miscelánea General*, República, vol. 161, fols. 171-206.

15 Francisco Antonio Imbrecht, Informe del diputado consular de Mompox, Nov. 5, 1830, ANB, *Miscelánea General*, República, vol. 161, fol. 200.

16 "Comunicado," *La Sangría* (Bogotá, undated 1834).

to pay high freight and exchange costs as there was virtually no market in Jamaica for New Granada's tropical products. Granadan merchants, therefore, could buy in Jamaica only with gold or currency, and they often had to charter ships especially to carry their goods to New Granadan ports. Their freight costs from Jamaica, they claimed, were equal to those of goods coming directly from Europe. British merchants in New Granada, with cost advantages allegedly as high as 20 percent, thus were easily able to undercut their Granadan competitors.¹⁷ During the early 1830s it was frequently contended that British merchants, with their cost advantages, were ruthlessly cutting prices, forcing the Granadan ones to sell at a loss, in some cases driving them into bankruptcy.¹⁸

It should be noted here that, although the complaints of creole mercantile interest undoubtedly had some foundation, they exaggerated the extent of foreign mercantile domination. In 1825 the foreign merchants did have considerable advantages in the import trade, but by the early 1830s — precisely the time when New Granadan protests against foreign mercantile monopoly were most bitterly sounded — the foreign merchants appeared to be losing their hegemony. In 1832-33 less than 13 percent by value of the imported goods brought into Cali were introduced under the names of merchants with non-Spanish surnames. The importers responsible for the largest importations by values were Granadans, with the sole Britisher in the list holding only fourth place.¹⁹

Data from Cartagena for 1825 and 1837 confirm the view that foreign commercial dominance tended to wane in the 1830s — in part, apparently, because of declining European interest in the meager New Granadan trade. The Cartagena data also indicate, however, that neither in 1825 nor in 1837 did the foreigners hold a total monopoly. While foreign merchants dominated the direct trade from Europe, some of the larger New Granadan ones brought shipments directly from Europe throughout the period. In addition, foreign merchants as well as New Granadan ones continued throughout the 1830s to depend somewhat upon shipments from Jamaica and other Caribbean ports.²⁰ By 1839-41, however, it appears

17 Imbrecht, Informe del diputado consular de Mompox, ANB, Miscelánea General, República, vol. 161, fol. 200; "Comunicado," *La Sangría* (Bogotá, undated 1834).

18 Reports of diputados consulares of Honda, Oct. 25, 1830; Mompox, Nov. 5, 1830; Bogotá, June 7, 1831; Medellín, July 2, 1831; and Rionegro, July 9, 1831, ANB, Miscelánea General, República, vol. 161, fols. 171-201. Of these, the Mompox report, fols. 200-201, is most explicit on this issue.

19 "Alcabala de Cali," remitido, *Constitucional del Cauca* (Popayán, Nov. 16, 1833).

20 Importations from New York consisted primarily of flour and other provisions and British textiles which British manufacturers dumped in New York at prices

that creole merchants were well linked with Europe and were bringing the large majority of merchandise shipments from European ports.²¹ While the British merchants were the objects of much upper-class ire, it was also recognized that the problem of price-cutting, commercial losses, and bankruptcy was much more than a matter of foreign merchant competition. They were part of a general economic contraction produced in large part by the impingement of the increasingly productive Atlantic economy.

In 1830, as New Granada's economic crisis deepened, a survey conducted through the Consulado of Cartagena polled representatives of mercantile interests in the principal commercial towns, inquiring as to the causes and possible remedies of the country's economic maladies. Five of the seven towns whose responses have survived (Bogotá, Medellín, Rionegro, Mompos and Honda) complained of the monopolization of trade by foreign merchants and called for restrictions on the foreigners' right to carry on trade. Two of the reports (Medellín and Rionegro) also advocated prohibiting the importation of some finished goods that were also produced by New Granadan artisans; in Cartagena, the officials of the Consulado opposed such prohibitions as contrary to good economic policy but supported the use of heavy tariff duties for the same purpose. Others either were lukewarm to such restrictions on commerce or explicitly opposed them.²²

The economic crisis that began at the end of the 1820s did not immediately lead more than a few in the New Granadan elite to favor the development of modern manufacturing as a means of reducing dependence upon imported goods. Few thought that manufacturing was even a possibility given New Granadan conditions. The *diputado consular* of the city of Antioquia announced in his report that he would not even discuss the question of factories "because I consider them very remote in the infantile situation in which these countries find themselves."²³

lower than in England. According to contemporary sources, when the British mills were short of cash, and facing excessive inventories, they preferred to unload their surpluses in New York to prevent their real situation being discovered in England. ("Derechos diferenciales," *El Argos* [Bogotá, Mar. 11, 1838]).

21 "Relación de las cantidades que adeudan a esta aduana varios individuos de la provincia de Bogotá por derechos de plazos cumplidos," Aduana de Santa Marta, Mar. 9, 1842, *Constitucional de Cundinamarca* (Bogotá, May 8, 1842).

22 ANB, Miscelánea General, República, vol. 161, fols. 172-173, 180-182, 185, 188-190, 200, 204-205.

23 Pablo Pardo, Informe del diputado consular de Antioquia, Oct. 29, 1830, ANB, Miscelánea General, República, vol. 161, fol. 209.

The only report showing some interest in establishing modern factories was that of Bogotá. Bogotá's *diputado consular*, Bernardo Pardo, believed it was hopeless to try to protect the traditional cottage weavers, who lacked both the capital and the machinery required to meet European competition. He looked with more favor on the establishment of modern factories, though he did not express excessive confidence in this sort of enterprise. Pardo pointed out that New Granada's population was not yet dense enough to provide the labor surplus that was considered necessary to make factories economically attractive; agriculture could be expected to continue to absorb almost all the country's scarce capital and labor. However, he continued, factories "should not for this reason be neglected, but rather [we should attempt] the establishment of those that produce articles of the most general consumption, and that are the easiest to undertake." Making perhaps the first modest formulation in New Granada of the idea of founding modern factories for import substitution, he declared that the country ought not to depend on others for products that are indispensable. He particularly recommended the encouragement of factories for the production of common cotton and woolen cloth, using the concession of privileges or patents as an instrument.²⁴

Confronting the country's trade imbalance, many in the New Granadan elite tended to see salvation less in the protection of domestic manufacturing than in the development of its exports of tropical products. In order to promote exports, the country's economic leaders gave particular emphasis to the need for freeing export agriculture from the burden of the *diezmo* (ten percent tax on gross agricultural production) and other taxes.²⁵

Many of the communities also emphasized the need to improve roads and river navigation. Transportation improvement had some implications for the promotion of exports. It might make exporting from the population centers isolated in the mountainous interior at least less impossible. It should be noted, however, that the primary concern of most of those urging improvements in transportation was to make even easier the flow of imported goods.²⁶

24 Bernardo Pardo, Informe del diputado consular de Bogotá, June 7, 1831, ANB, Miscelánea General, República, vol. 161, fol. 205.

25 ANB, Miscelánea General, República, vol. 161, fols. 172-173, 189, 209.

26 ANB, Miscelánea General, República, vol. 161, fols. 171-173, 181, 184-185, 190, 198-199, 206, 209.

II

The concerns expressed in the reports of the *diputados consulares* of 1830-31 represented the opening round in the first substantial debate over the protection of manufacturing to be held in New Granada after independence. It proved to be practically the only one to occur before the 1880s, because in the intervening period the ideological hegemony of free trade liberalism became such that no one in the elite dared to, or possibly was inclined to, make a serious and strenuous defense of protection. Only during the period 1830-35 did the forces of protectionism have enough weight among the New Granadan elite even to respond adequately to the predominant free trade liberalism.

It should be noted here that the real issue in the debate over protection was whether the importation of certain goods might be prohibited. Transportation costs from the coast to interior markets were such that moderate to high tariff duties (20 to 40 percent of value) represented only a fractional increase in the costs of imported goods. Only outright prohibitions or very high duties (100 percent of value or more) were likely to have any significant effect on the flow of goods. In the debates of the 1830s, therefore, the true protectionists were those urging prohibition of imports or extremely high duties, the free traders those urging moderate or even "protective" duties.

The protection of domestic manufacture had been a serious consideration for New Granada's political leaders during the 1820s. Though they did not adopt an aggressively protectionist stance in the 1820s, the highest councils of government did discuss measures for protecting the country's artisans.²⁷ The onset of the crisis of the early 1830s, however, made the cause of protection a publicly agitated question. The first concern of the New Granadan elite (as early as 1830) was to protect their own position *vis-à-vis* foreign merchants in the marketing of imported goods.²⁸ By June and July of 1831, however, concern among the elite had become broader and some were beginning to express alarm about the impact of European importations on cottage weavers or on urban artisans.²⁹ Finally, by October of 1831 the drain of currency in exchange pay-

27 Meeting of Consejo de Gobierno, Bogotá, Feb. 19, 1829, ANB, Libro de registros del Consejo de Estado, fols. 158v.-160v.

28 Reports of *diputados consulares* of Honda, Oct. 25, 1830; and Mompox, Nov. 5, 1830, ANB, Miscelánea General, República, vol. 161, fols. 184-186, 194-200.

29 Reports of *diputados consulares* of Bogotá, June 7, 1831; Medellín, July 2, 1831; and

ments for imported goods was beginning to be recognized as a major problem. From the end of 1831 through 1834, the loss of currency was a source of widespread worry; even as late as 1838 it was being discussed as a continuing problem.³⁰ As of November 1831, the scarcity of currency and the need to protect local manufacturers had equal weight in a strong call for protection by José Ignacio de Márquez, then Secretary of Finance.³¹ As spokesmen in widely-scattered parts of the republic pushed for various forms of protection in 1831, an anti-protectionist response began to develop. The most elaborate argument against protection, and in favor of relying primarily on the export economy, was presented by William Wills, who had come to New Granada as representative of a British commercial house. Wills' argument, published in a 74-page pamphlet in 1831 and reprinted in *El Constitucional de Cundinamarca*, set forth the main lines of the anti-protectionist position, many of which were adopted and repeated by New Granadan leaders throughout the next 30 years. Wills took issue with the protectionists about the nature and causes of the present crisis. He denied that the increased flow of imported goods and payment for them with precious metals necessarily meant the loss of circulating media. As New Granada was a gold-producing (and to a lesser degree a silver-producing) country, it ought to be exporting precious metals rather than hoarding them. If the country currently was experiencing a shortage of credit and capital, it was not because coin was being drained from the country but because the Wars of Independence and subsequent political instability had created so much insecurity that capital had fled or was in hiding (Wills 1831: 53-55). For the rest, Wills offered the standard liberal argument, New Granadan weavers could not possibly compete with more efficient British manu-

Rionegro, July 9, ANB, Miscelánea General, República, vol. 161, fols. 171-173, 180-182, 203-206.

- 30 Early expressions of concern about currency drain appear in José Tiburcio Pieschacón and Joaquín Escovar, report to Governor of Bogotá province, Dec. 5, 1831, and report of Rufino Cuervo, as Governor of Bogotá province, to Minister of Interior, Dec. 15, 1831, ANB, Miscelánea General, República, vol. 161, fols. 75-86. See also "Numerario," *Constitucional de Cundinamarca* (Bogotá, Dec. 16, 1832); "Comercio," *Mercurio Colombiano* (Cartagena, Sept. 13, 1832); report of junta de agricultores, Bogotá province, Jan. 19, 1833, ANB, Miscelánea General, República, vol. 134, fols. 683-688. For a later article on the subject, "Consideraciones sobre la falta de numerario que se experimenta en la Nueva Granada," *La Crónica Semanal* (Bogotá, Feb. 16, 1838).
- 31 *Memoria de Hacienda, Colombia* (1831) excerpted in Ospina Vásquez (1955: 153-154).

facturers, even with the aid of 100 percent tariffs. The only result of a protectionist policy would be to burden consumers in order to favor a minority of producers (Wills 1831: 43-51). Instead, New Granada should play to its comparative advantage, which lay in tropical agriculture.³² Wills' views were lauded by many New Granadans already inclined to embrace the doctrines of European liberalism. Some New Granadan economic liberals, indeed, were more dogmatic than Wills in their espousal of the free market. Whereas Wills believed that the current shortage of capital might be resolved with more political stability and the application of enterprise to mining and export agriculture, some New Granadans were sanguine enough to believe that the problem would solve itself. A contributor to *El Constitucional del Cauca* placed his faith in the idea of a perfect market-adjusted monetary equilibrium. If money were being exported, it was clearly because the New Granadan market contained more than it could use; to try to retain it would artificially raise prices. The free flow of currency would be "the true regulator of the amount of currency necessary for the movements of commerce;" it would "liberate us of the superabundance of unused precious metals;" and it would "maintain constantly the quantity at the level of the needs of circulation." Possibly such unbounded faith in the principles of political economy extended to relatively few of the New Granadan elite. But many certainly agreed with Wills that the central solution to the country's economic problems must be the development of its exports of tropical products. The most ardent exponent of this view was *El Constitucional de Cundinamarca*, whose editors were among the closest political associates of General Francisco de Paula Santander. Frequently they repeated Wills' charge that the country's failures as an exporter were attributable to lack of enterprise.³³

A considerable part of Bogotá's economic elite — both landowners and merchant-capitalists — rejected the arguments of Wills and his Granadan adherents. Replying more or less directly to Wills, a junta of twenty-eight merchants and landowners asserted that the economic principles established by European authors for conditions in the old world "are not

32 Wills (1831: 43-51). Aspects of the argument were restated by Wills in *Constitucional de Cundinamarca* (Bogotá, Jan. 8, 1832).

33 "La extracción del dinero aumenta nuestra ruina?" *Constitucional del Cauca* (Popayán, Mar. 16, 1833); "Comercio," *Constitucional de Cundinamarca* (Bogotá, Jan. 15, 1832); "Prohibiciones comerciales," *Constitucional de Cundinamarca* (Bogotá, Apr. 28, 1833); "Progreso del comercio en Cartagena," *Constitucional de Cundinamarca* (Bogotá, Apr. 10, 1836).

applicable in the new.” “Experience [...] sadly has convinced us that the theories of the European economists have been the ruin of this country.” The junta of landowners, lacking a counter-theory to pit against the doctrines of political economy, simply pointed to a number of alarming developments. While native merchants and local artisans were being ruined by consumer goods, increased consumption of imports had caused an annual loss of circulating media to the amount of 2.5 million pesos in the interior provinces alone; nationally the drain undoubtedly was much greater than the total production of the country’s mines. This drain was the true explanation of the lack of capital in the country; it was not that people had squirreled away their funds. Finally, while in theory New Granada’s imports of manufactures should be stimulating exports of agricultural products, in fact it was not working out that way. The fact was that transportation costs over mountain mule-paths did not permit the export of any product except those with a high value for weight. The upshot of liberal theory was to deny the population of the interior the possibility of producing anything. “In what kind of work,” they asked plaintively, “can Granadans employ themselves?” The situation raised in their minds the specter of drastic social upheaval; if things did not improve, they foresaw “turbulence, revolutions, robbery, murders, insecurity for the Government and for the citizenry.” The junta agreed with Wills on the need to try to expand exports, but they also called for severe restrictions upon foreign merchants, high tariff duties on luxury products not made in New Granada, and the prohibition of imports of any manufactured goods similar to those made in New Granada.³⁴ Undoubtedly the most strident arguments for prohibition in the debates of the early 1830s were presented by Dr. José Félix de Merizalde, a feisty Bogotá physician who devoted at least as much time to the nation’s politics as he did to the practice of medicine. A violent polemicist, Merizalde carried on a running fire of acrid attack on all things foreign, from British merchants to the goods they sold to liberal economic ideology. Merizalde viewed the doctrines of political economy as a hideous invention of the foreign devil, contrived to bankrupt the nations upon which England preyed. Jean-Baptiste Say, he claimed, was paid by England “to bewitch” the other nations of the world; although Say’s doctrines had been combatted by other authors, the English had succeeded in preventing the spread of the contrary works, “in order to be able to monopolize

34 Report of junta de agricultores, Bogotá, Jan. 19, 1833, ANB, *Miscelánea General*, República, vol. 134, fols. 683-688.

commerce." Merizalde also asserted that the British were prepared to "lose millions of pesos as if they were pennies" in order to ruin the new factories of other nations so as later to be able to impose monopoly prices. And he noted with venomous perspicacity that the British had gotten down to a science the practice of making cheap goods: not only did they undersell national products but consumers had to buy more of them because they were of such poor quality that they soon wore out. ("Every day they take greater care that the weaving in their goods be so bad that after little use they are destroyed so that the consumption is greater ...").³⁵

All of the bile that Merizalde poured out against the British (or anyone else to whom he turned his attention) undoubtedly undermined his effectiveness as a polemicist. Yet amid the many shafts he loosed against free trade, a number hit the mark. His scatter shot protest thus ultimately helped to build the full case for protectionism. Merizalde was one of the first Granadans to note that the British themselves had not practiced their liberal preachments when they were founding their own manufactures; at the outset the British had built their industry by prohibiting imports. Among his many observations, Merizalde also made a series of isolated points on the role of manufacturing in the economy of the interior that, if drawn together, would have constituted an argument for integrated economic development through manufacturing. Merizalde pointed out the importance of local weaving in providing a market for raw cotton and raw wool produced in the interior which, because of transportation costs, could not conceivably be exported. He also noted, as did other contemporaries, the social cost of the decline of hand weaving, including the danger of increasing idleness and undermining the habits of industry among the weaving population.³⁶ Some of these observations were later developed more systematically by New Granada's most lucid advocate of protection, Alejandro Osorio.

Between the two schools — those who placed their faith in the wisdom of political economy and the possibility of developing exports, and those who believed that local realities had invalidated these doctrines — there were others who recognized that the crisis was a real one but could not bring themselves to forsake the established truths of political economy. Such individuals tended to look to moral suasion for a solution. Thus, for example, Lino de Pombo, who objected on principle to any form of pro-

35 "Comercio extranjero," *El Pensador Granadino* (Bogotá, Mar. 17, 1833).

36 *Ibid.*

tection, urged self-discipline upon his countrymen; they should voluntarily cut down on their consumption of imported luxuries. Accordingly, Pombo, as well as other editorialists more favorable to protection, thundered against the new dominion of fashion and the upper-class passion for foreign luxuries not previously known in New Granada.³⁷

Another characteristic form of moral support for national manufacturing as an alternative to protection was exhortation to use New Granadan textiles. *El Constitucional de Cundinamarca*, which opposed the protectionist movement of the early 1830s, nevertheless found space to praise those members of the upper class who induced their sons to wear Granadan cloth. And General Santander, though reluctant to support tariff protection, and resolutely opposed to import prohibitions, sought to stimulate consumption of national manufactures by arriving in Bogotá to assume the presidency wearing a suit of cloth woven in New Granada.³⁸

Whatever the long-term balance between protectionists and free traders in New Granada, the commercial crisis that so preoccupied the upper class in 1831 gave some temporary force to protectionism. The protectionists were also aided for a time by the fact that José Ignacio de Márquez — a native of Tunja, in the wool-weaving region, and a man of protectionist views — exercised the executive power as Vice President through most of 1832. The protectionist surge lasted some months after Márquez left office, however, with demands for outright prohibition emanating not only from Bogotá, but also from Cartagena, Tunja, Medellín, and Popayán — the country's largest towns and centers of political opinion.³⁹

The strength of protectionist sentiment in 1832 and 1833 was such that President Francisco de Paula Santander and his Secretary of Finance, Francisco Soto, both fundamentally sympathetic to free trade principles, trimmed toward protectionism in their messages to the national Congress in 1833. Soto opposed prohibiting any imports, on principle as well as because of the consequence of artificially raising prices to consumers. But, while affirming that New Granada ought not to be engaged in manufacturing given its agricultural potential, he granted that those provinces that had dedicated themselves to cotton weaving ought to

37 "El lujo," *Constitucional del Cauca* (Popayán, Nov. 10, 1832).

38 "Vestidos," *Constitucional de Cundinamarca* (Bogotá, Oct. 21, 1832).

39 "Comercio," *Mercurio Colombiano* (Cartagena, Sept. 13, 1832); "Sobre la miseria pública," *Constitucional de Cundinamarca* (Bogotá, Nov. 25, 1832); M. R., "Editorial," *Constitucional de Boyacá* (Tunja, Jan. 27, 1833); "Congreso," *El Pensador Granadino* (Bogotá, Feb. 10, 1833); "Pobreza," *Constitucional de Antioquia* (Medellín, Feb. 10, 1833); *Constitucional del Cauca* (Popayán, May 11, 1833).

have the right to a livelihood. He therefore urged a balanced tariff policy that would offer some protection to the weavers without excessively burdening the country's consumers. President Santander gave equally tepid support to a moderate move in the direction of protection. "Popular opinion in New Granada demands this measure," he said, "and the executive believes it should be adopted, if for no other reason than to learn through our own experience."⁴⁰

With considerable pressure for protection coming from the most important provinces, and at least lukewarm support for a move in this direction from Santander and Soto, the Chamber of Representatives in 1833 passed by an overwhelming margin (34 to 8) a measure providing for the prohibition of a number of items. This measure, however, represented the zenith of protectionism in New Granada. The bill was beaten down in the Senate and the Chamber of Representatives accepted the Senate alternative of protective duties on some goods but no prohibitions.⁴¹ The Congress of 1833 placed high duties on foreign flour and ready-made clothes but left national textiles relatively unprotected.⁴² Thus the principal beneficiaries of the 1833 protectionist tariff were the urban artisans, with cottage weavers receiving little practical support despite the occasional rhetorical wringing of hands about their fate among members of the elite in the period.

The more favorable treatment of wheat and artisans' goods than of cottage textiles may have been based purely on considerations of political economy—the conviction that the cottage weavers were doomed in any case, while the urban artisans and the wheat growers of the interior retained some comparative advantage, or at least some competitive strength. One may surmise, however, that the congressional decision was also shaped by the fact that the wheat-growing landowners and the urban artisans had to be reckoned with much more than the cottage weavers, whose political significance was limited not only because they were poor, illiterate, and scattered in the countryside but also because they were for the most part women and children, contributors to rather than the main supports of peasant house holds. Urban artisans, by con-

40 *Memoria de Hacienda, Colombia* (1833: 8-9); "Mensaje del Presidente del Estado de la Nueva Granada al Congreso en la sesión de 1833," Mar. 1, 1833, *Constitucional del Cauca*, suplemento al núm. 34 (Popayán, July 6, 1833).

41 ACB, Cámara, Actas, 1833, no. 5, morning session of Apr. 23, 1833, fols. 161-162v.; ACB, Cámara, Actas, 1833, no. 5, morning session of May 30, 1833, unnumbered folio.

42 Duties listed in Ospina Vásquez (1955: 170).

trast, were relatively well educated, often at least literate, and they were concentrated in a few towns where they could organize and make their views heard. And, in these years, they did so, through petition, if not by other means.⁴³

With the defeat of the bid for prohibition in 1833, most supporters of strong protection left the field to the triumphant free traders of the Administration. A few diehards in Bogotá kept up the fight, however. The most notable of these was Alejandro Osorio, who presented the most carefully reasoned and well-structured argument for protectionism to appear in New Granada in these years. Osorio's argument, a few salient points of which are resumed here, is striking for its preoccupation with full employment and the development of consumer power, themes that have bulked large in twentieth-century economics. Osorio's concern for these matters contrasts strikingly with the then-dominant doctrines of political economy, which focused singlemindedly upon the efficiencies of the free market and therefore tended to exalt commerce as practically the sole measure of prosperity.

Osorio began his analysis by proclaiming that New Granada was in fact not a nation but a colony of Great Britain. "A country without agriculture or industry, whose limited commerce is in foreign hands is, as I see it, *a colony, merely a market for the foreigner.*" Indeed, it was the best kind of colony (from the point of view of the manufacturing powers) because it was self-governing and therefore required no administrative expenditures from its exploiters.⁴⁴

In Osorio's view the fundamental error of the free traders lay in focusing on consumption, that is, in their emphasis on the benefits of the free market in lowering prices. As long as New Granada had nothing to export, Osorio pointed out, consumption of foreign goods "consists in simply handing over its limited means of exchange for the goods consumed."⁴⁵ It was the loss of circulating media that was responsible for the lack of enterprise with which free traders so frequently charged their compatriots. When there were more media of exchange and prices were higher

43 Petition from Bogotá shoemakers, calling for prohibition of imports, Dec. 29, 1831, ANB, Miscelánea General, República, vol. 161, fols. 124-125; petition of 49 Bogotá artisans, representing nine trades, undated, probably sometime 1832, ANB, Miscelánea General, República, vol. 161, fols. 120-123; petition of 24 Cartagena artisans, representing five trades, Feb. 24, 1832, ANB, Miscelánea General, República, vol. 161, fols. 112-115.

44 *El Proletario*, no. 1 (Bogotá, undated, 1834).

45 *Ibid.*

(in the 1820s), profit incentives had stimulated New Granadans to undertake new enterprises. Now these enterprises were languishing because of the current depression of prices and the lack of commercial movement in the country.⁴⁶

Instead of focusing on lowering the prices of goods, Osorio contended, the first concern of government policy should be to obtain full employment, without which the mass of the people would lack the power to consume anything. He pointed out that for the common workman it did no good for prices to fall drastically if he were unemployed or underemployed and could not afford the goods at any price. Manufacturing, Osorio argued, was important as a means of creating jobs and building consumer power. While agricultural development was also important, a purely agricultural country in his view could never be rich. (He noted the contrasting cases of Poland and Russia and of England and the United States as examples.) A purely agricultural country could not become rich because not all agricultural surpluses could be exported. Some, like dairy products and vegetables, required nearby markets. In purely agricultural economies, consequently, prices and therefore productivity were held down. Where there were factories, however, industrial labor provided a market for foods while the factories themselves offered markets for agricultural raw materials. A more profitable agriculture in turn would create a broader, more prosperous, market for manufactures. Emphasizing the complementarity of manufacturing and agriculture, Osorio thus called for the development of a balanced economy.⁴⁷

Osorio recognized that manufacturing in New Granada could not soon become competitive with that in the industrial nations. But it was necessary at least to start down the road to industrialization.⁴⁸ In defense of the protection required to found infant industries, he suggested that the free traders had better examine more closely what the industrial nations were actually doing rather than accepting on faith what they were saying. Elaborating on a point earlier noted by Merizalde, he detailed the many ways in which England had pursued restrictive policies, apparently without excessive concern for the costs these implied for British consumers. He noted among these measures the special protection conceded to the sugar of Jamaica and Barbados, in prejudice to that produced by New

46 Ibid.

47 Osorio noted some other advantages of manufacturing: it provided year-round employment and also offered employment to women and children. *El Proletario*, no. 6 (Bogotá, May 11, 1834); see also no. 3 (Apr. 13, 1834).

48 Ibid., no. 7 (May 11, 1834).

Granada and other Latin American countries. If the British were not going to throw open their markets to New Granada's products, why should New Granada treat British goods so indulgently? New Granada, a poor nation, seemed to be engaging in a perilous philanthropy toward the world's richest one. Was it wise, Osorio wondered, for New Granada to attempt to lead the way in the strict observance of the principles of political economy?⁴⁹

Osorio called for a general plan for coherent national economic growth, emphasizing increased employment through the complementary development of manufacturing and agriculture. He noted that many of the policies being pursued by the Santander administration would have the effect of reducing levels of employment rather than increasing prosperity. Santander's reductions in the size of the army would simply augment the masses of the unemployed. The division of Indian community lands would mean that these lands would remain uncultivated for lack of markets for their products. Worst of all, the Santander administration's policy on transportation development was to give particular attention to roads usable in foreign trade. If successful, this policy would have the effect simply of increasing the flow of imports, further reducing employment. Osorio elsewhere emphasized the need to give primary attention to the development of internal commerce rather than of foreign trade. He noted that the internal commerce of France was fifteen times as great as its foreign trade; even England's domestic trade exceeded its foreign commerce in value, and the British had spent immense sums on the development of internal transportation; the United States was also making strenuous efforts to build roads and railroads that would facilitate internal commerce.⁵⁰

Osorio's views are of interest not because they were influential but because they were so exceptional, for the direction of the argument as well as for its clarity and perception. Osorio's emphasis on employment and on manufacturing as a consumer of agricultural products was foreshadowed in a fragmentary way by some of the earlier commentaries emanating from the Bogotá elite. But Osorio developed this vision in a much more systematic fashion, presenting an argument that for the first time in New Granada could match in coherence the doctrines of political economy.

49 *Ibid.*, no. 1 and no. 9 (May 29, 1834).

50 *Ibid.*, no. 4 (Apr. 20, 1834) and no. 6 (May 4, 1834).

As interesting as his views are in retrospect, Osorio's was a voice crying in the wilderness. After the only partially successful protectionist push of 1833, free trade views and the export-import orientation easily dominated the remaining years of the Santander administration. When José Ignacio de Márquez returned to power in 1837, there was some recrudescence of sentiment for protection from foreign interests. But it was expressed in renewed requests for the protection of New Granadan merchants through the modification of the 1825 reciprocity treaty with Great Britain.⁵¹

Throughout the decade from 1834 to 1844 duties on cotton cloth remained quite low — only 15 percent if brought in New Granadan or British bottoms. By contrast, duties on goods produced by urban artisans were clearly protective in these years. Duties on books, for example, dropped from the high level of 200 percent of original value that obtained briefly in 1833-34, but between 1834 and 1840 they remained in the neighborhood of 80 to 100 percent of value. Only during one brief moment, from 1844 to 1847, did cotton cloth enjoy protectionist duties. The tariff of 1844 provided specific duties on ordinary cottons that were the equivalent of about 100 percent of original value.⁵² Presumably this burst of protectionism was prompted by the establishment in these years of a cotton mill in Bogotá by some of the capital's leading citizens. The Bogotá mill, however, did not long enjoy this protective duty. In 1847, Florentino González, a vigorous exponent of liberal political economy as early as the 1830s, became Secretary of Finance and led a movement for the removal of the last vestiges of protection. González's 1847 tariff brought drastic reductions in duties on common cloth and finished goods alike. Free trade remained the dominant economic passion of the Colombian elite until the presidency of Rafael Núñez in the 1880s. The dedication of the Colombian elite to free trade from the middle of the 1840s through the 1870s is understandable because in these years the country was experiencing a growth in exports. The sudden loss of interest in the protection of national manufacturers after 1833 demands some explanation, however. Throughout the 1830s New Granada's exports remained insignificant, so that free traders were not in a position to demonstrate the success of their doctrine at least in the experience of their own country.

51 "Consideraciones sobre la falta de numerario que se experimenta en la Nueva Granada," *La Crónica Semanal* (Bogotá, Feb. 16, 1838).

52 Tariff duties in Ospina Vásquez (1955: 170).

One reason for the sudden collapse of protectionism may lie in the fact that some of the interests that had joined in support of a more restrictive policy found their anxieties allayed during the 1830s. Between 1831 and 1833 the pressures for protection had been augmented by the fears of New Granadan merchants that the British were taking over the import trade. Although the interests of these native import merchants clearly were not served by a policy of prohibitions, their cries of alarm had helped to create an atmosphere favorable to protection. During the 1830s, however, as evidence presented earlier indicates, native merchants were improving their position in the import trade *vis-à-vis* foreigners. This fact possibly took some of the steam out of the building pressure for restrictive trade policies. The principal tariff issue between 1834 and 1839 concerned not protection but the question of whether discriminatory duties should be levied on United States ships, a form of discrimination that appears to have helped New Granadan merchants to dominate trade between United States and Granadan ports during the 1830s.

Another factor in the decline of protectionism undoubtedly was the awareness of many in the New Granadan elite that the cause of the cottage weavers was hopeless. The realities of the British industrial machine, as well as the doctrines of political economy, condemned them. But if the cottage weavers were out-moded, modern factories might be considered more deserving of support, from the standpoint of economic modernization. Why, when modern factories were being attempted between 1832 and 1840, was no attempt made to provide protection for these elite-owned enterprises that seemed more in tune with the patterns of the future? Possibly most members of the elite, while sympathetic to these enterprises, fundamentally doubted, in accord with William Wills' analysis, that they could make it.

Finally, it is possible that the great majority of the elite simply believed that the doctrines of political economy were right and could not successfully be contravened. Interestingly, some of those who invested in the Bogotá factories and played administrative or entrepreneurial roles in them were among those who opposed protection and who believed that New Granada's destiny was to be an agricultural rather than a manufacturing nation.