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The Consolidation of the Import-Export Economy in Nineteenth-Century Colombia

A Political-Economic Analysis

by
*Nola Reinhardt**

The nineteenth century is a crucial period in Latin American economic history. By the end of that century, the economies of Latin America had become consolidated around their primary export sectors, in stark contrast to the rapid industrial development that had taken place in North America. In Colombia, the search for a stable agricultural export had led finally to the emergence of coffee as the leading sector of the economy, but this consolidation was not a straightforward process. During the course of the nineteenth century several attempts were made to stimulate industrial development—attempts that met, however, with failure. This article will examine the complex roots of those failures, the development of a consensus that economic growth would have to be based on agricultural exports, and the effort to establish that sector.

ECONOMIC AND POLITICAL FACTORS IN COLOMBIAN DEVELOPMENT

There are several explanations for the primary-export orientation of the Latin American countries: lack of capital, competition from European manufactures, and the social and economic structures inherited from the colonial period are three explanations frequently cited (Stein and Stein, 1970: 131-137). For Colombia, lack of capital was not a primary obstacle, nor in a direct sense was European competition. Rather, the most important factors were geographical difficulties and certain key features of the colonial social and economic legacy.

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At the end of the colonial period the area that was to become Colombia consisted of five regions that were geographically isolated from each other and differed climatically, economically, and socially: the southwest (later Chocó, Valle del Cauca, Cauca, and Nariño), the northwest (Antioquia), the coastal lowlands (later Atlántico, Magdalena, and Bolívar), the central highlands (later Boyacá and Cundinamarca), and the north-central region (later Santander and Norte de Santander). Although there had been some development of interregional economic exchange, particularly in textiles, salted meat, cattle, sugar, salt, and cacao (Ospina Vásquez, 1955: 28-34), the lack of development of internal transportation routes during the colonial period posed serious obstacles to this trade. As a result, Nueva Granada consisted in this period of distinct regional economies, loosely linked to each other but strongly linked to Spain through economic and administrative ties (see Figure 1).

The basic economic activities were mining, agriculture carried out on large estates and, in some areas, on smallholdings, and handicraft production. Mining (in the southwest and Antioquia) and the agricultural production of the estates (in the southwest and the central highlands) were based on the semiservile labor of the indigenous population and on slave labor. The economic activity of the coastal lowlands centered upon cattle estates and the shipping and commercial centers that had been built up around colonial trade. In the north-central region, small- and medium-sized agricultural holdings predominated, on the basis of which artisan production, household textile production, and commerce had flourished.¹ These principal features of the colonial heritage—regional isolation, regional social and economic differences, and the lack of a middle stratum in the southwest and Antioquia—posed basic obstacles to early industrialization attempts.

Of central importance to the analysis of Colombian nineteenth-century economic development is the role of the political system. Unlike many other Latin American countries, Colombia has experienced only brief periods of nonparliamentary rule since the 1830s. For most of its postcolonial history, it has been characterized by a formally democratic system dominated by two parties, the Liberal and the Conservative, which were formed in the mid-nineteenth century. A period of Liberal rule beginning in 1850 was followed by a period of Conservative political control from 1880 to 1930.

The nineteenth-century Colombian political economy has frequently been interpreted in terms of perceived differences in the economic interests of these two parties.² In this view, the Liberal party is considered to be the party of the merchants and industrialists, whereas the Conserva-

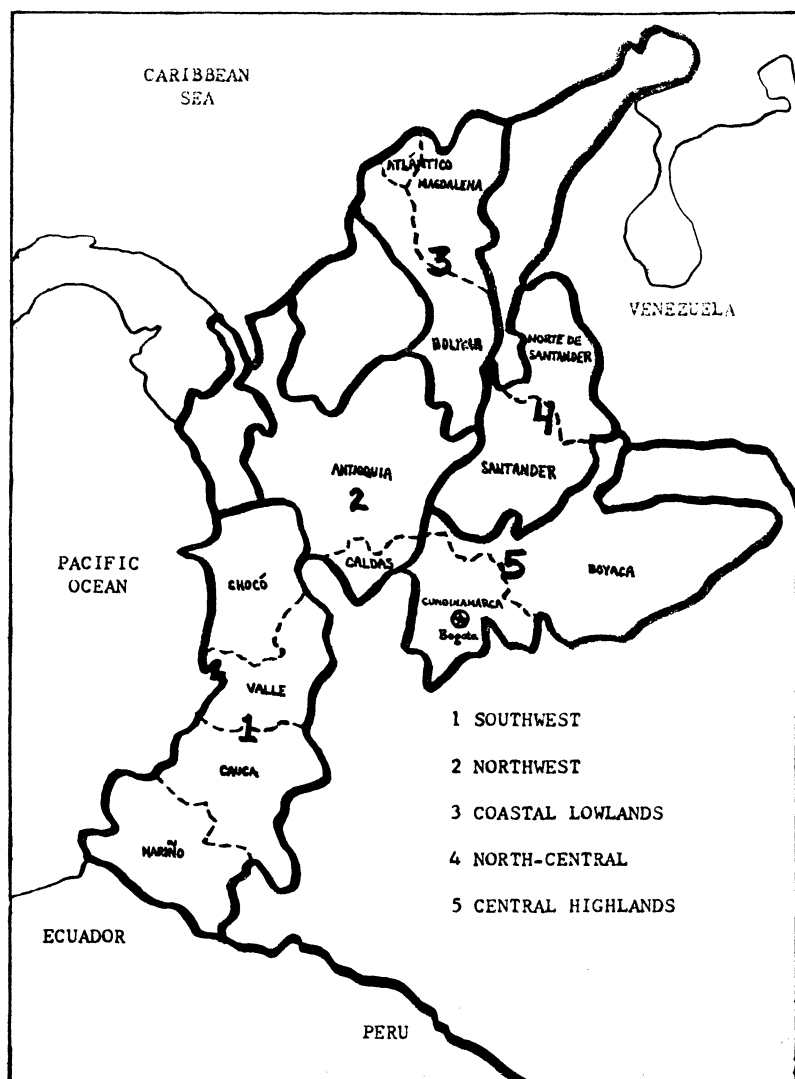


Figure 1: Colombia: Major Nineteenth-Century Regions and Political Boundaries

tive party is viewed as the party of the traditional landed elite. With the expansion of trade after Independence, it is argued, the economic power of the merchants grew, and with it their political power. By mid-century the commercial group was strong enough to break with and oppose the landed elite and to gain state control through the Liberal party. This new elite was then able to impose modernizing reforms that would encourage commercial development and weaken its traditional opponents—reforms such as free trade, the elimination of slavery, the breakup of the Indian *resguardos* (reservations), secularization of the state and disentanglement of Church lands, and the elimination of the tobacco monopoly. In opposition to the Liberal policies, according to this interpretation, the Conservatives were able to play upon a split within the Liberal party to regain control of the state in 1880 and reverse the modernizing reforms. The following period then witnessed a reassertion of the policies of the traditional seigniorial groups and the consolidation of an economy based on agricultural exports. The attempts to break with colonial economic patterns, then, were defeated by the landed elite, and the import-export structure was reaffirmed.

In direct opposition to this view, I will argue that the class basis of the two parties has never been so clearly defined. This thesis was first proposed by Frank Safford in 1972, and since then scholars in Colombia have been accumulating evidence that supports it. Merchants, landowners, and industrialists have been found in the ranks of both parties. A close examination of proposed and implemented economic policy in the nineteenth century reveals the lack of consistent differences between the two parties grounded in differing spheres of economic activity.

The picture that emerges from a review of the evidence in support of Safford's thesis is of a common elite groping for an economic growth strategy that could overcome the legacy of colonialism while maintaining its class privileges. Such an analysis is, however, incomplete because it leaves unexplained the frequently intense political differences between the two parties. Whereas traditional explanations of these political differences rested on differences in economic interests, the more recent treatments either leave the political differences unexplained or fall back on simple ideological explanations of party allegiance.³ I will attempt to resurrect the earlier economic explanations in a new form, developing the argument that party differences ultimately reflected disagreements over how best to achieve the common economic goals rather than differences over the basic direction the economy should take.

These policy disagreements had two main foci. One of these was how to achieve economic growth without losing control over the laboring

classes and thereby threatening the economic position of the elite. Debate here centered principally upon the role of the Catholic Church in the new state. Was the church an important element of social control and stability, as the traditionalists argued, or was it an obstacle to the rational use of land and flows of capital and labor needed for economic growth, as mid-century modernizers asserted? The debate over this issue, perhaps the most divisive in Colombian society, did not break down along the lines of economic interest. Both merchants and landowners could be found on both sides. Purely ideological interpretations of the church debate, however, obscure the commonality of economic goals and the economic role of the church in Colombian society.

The other major focus was federalism versus centralism. Here distinct economic interests did play a part, but these interests were not those of the traditional landed elite versus those of the merchants, but rather reflected emerging regional differences in economic development. In presenting this argument I take issue in particular with Safford's (1972) position that regional economic differentiation was not an important factor in the Colombian nineteenth-century political economy. The colonial legacy of regional isolation and uneven development gave rise to periodic struggles between regions that ultimately played themselves out along party lines.

In sum, I will argue that the leaders of the two parties shared a class basis and an economic goal but were divided by disagreement over the best policies to achieve that goal and by emerging differences in regional economic development.

EARLY ATTEMPTS TO SHAPE THE COLOMBIAN ECONOMY

POLITICAL FORMATION

In the immediate postrevolutionary period, the landed elite was anxious to maintain its political control at the local level, as this was the basis of its economic power. The labor-intensive agricultural operations of the seigniorial estates were predicated on direct control over the labor power of the local population. This local control and the force on which it was based had been backed in colonial times by the authority and the military power of the Spanish Crown. In the postwar period the landed elite sought a substitute for this backing in a political structure for the new nation that would support and legitimize, or at least not threaten, its hegemony.

Fals Borda (1969: 67-78) suggests that the major threat to the maintenance of the colonial seigniorial order was the ideology that had infused the revolutionary period. This challenge came from within the ruling class itself, many of whose members favored a parliamentary form of government rather than a monarchy. It was possible to set up a parliamentary government, however, that paid lip service to the revolutionary ideals of democracy and equality, but in fact kept intact the power of the landed elite. An electoral and administrative structure was created that appeared to be representative but in reality concentrated political power in the hands of those with economic power. Stringent property and literacy requirements limited the vote for national representatives and president to a minority of the male population (women were excluded altogether from political participation). Direct exercise of power at the local level, maintained by a juridical and police structure under the control of the landed elite, negated the less stringent regulations that applied to local elections.⁴ Candidates for office were either members of the elite or, at the lower levels, persons directly answerable to them.

Thus concentration of property ownership and the use of force and ideological compulsion were the means by which the landed elite could maintain, within a formally representative structure, its political control at the local level, and with it its economic power. Nevertheless, its need to retain political control at the local level was not without contradictions. A consistent national policy was needed to facilitate the growth of commerce and trade. This became increasingly important as trade with Europe expanded over the course of the century and as Colombian commercial interests grew in strength and importance. The increase in agricultural exports and imported luxury goods would benefit the landed elite, thus creating an incentive for centralized policies. At the same time, commercial expansion intensified regional disparities. In the context of divergent regional economic development, centralized policy was bound to intensify regional frictions and jealousies and the desire to maintain decentralized control. Thus the nineteenth century was marked by the alternative strengthening and weakening of federal power vis-à-vis regional autonomy, as these regional conflicts emerged and attempts were made to resolve the basic contradiction.

In addition to the federalist/centralist division within the dominant elite, there developed a very important schism with respect to the role of the Catholic Church in the life of the new nation. Through grants, tithes, and the deeding of the lands of the dead to the Church (*manos muertas*), this institution had accumulated vast expanses of land and controlled a considerable amount of liquid capital. There were those within the elite

who identified the economic and political power of the Church with the Spanish colonial regime and who wished to create a more "modern" (i.e., European) nation in which Church and state would be separate. Many members of the elite, however, adamantly opposed the secularization of the state and other efforts to alter the colonial seigniorial order—efforts they feared would undermine the basis of the economic privilege of their class.

These policy debates began to coalesce by the 1840s in the formation of two major political parties, the Conservative and the Liberal. The basis for the Liberal party platform was presented by Ezequiel Rojas in 1848, and the Conservative platform was presented the following year (Mejía, 1978: 108). The Liberal program included the abolition of slavery, the breakup of the Indian reservations, the abolition of monopolies, free trade, the elimination of Church tithes, and the secularization of Church lands. The Conservative party, on the other hand, adamantly opposed the elimination of slavery and the Liberal policies toward the Church.

Although the political parties were forming around these policy differences, the elite as a whole was reaching a consensus over the general direction of the economy. By the late 1840s, both parties were arguing that the future of Colombia's economy lay in its agricultural sector. That this economic consensus was emerging at precisely the time when the political parties were consolidating themselves lends support to the argument that party differences were not over economic goals but over the best means to achieve them.

ECONOMIC FORMATION: OBSTACLES TO INDUSTRY

The consensus over the key role of agriculture followed a period of postrevolutionary experimentation and high hopes for the development of the Colombian economy, expectations that by 1840 were waning. Early encouragement had been given to industrial development. After 1830, protectionist measures had been introduced, and several attempts had been made to set up industrial plants (Ospina Vásquez, 1955: 160-164, 175-184). Many of these early industrialization attempts were carried out by members of the landed elite. These landowners were interested in industrial investment as a possible outlet for their capital, given the difficulties of breaking into the monopolistic trading and mining activities and the generally poor prospects offered by the agricultural sector at that time (Mejía, 1971: 211-212).

There had as yet been no development of export agriculture. Geography and the state of the international market for Colombian agricultural products were important factors. Products such as cotton, which could be grown in the geographically accessible lowland areas along the coast and the Magdalena River, had a head start in the British colonial areas (Safford, 1966: 188-190). At the same time, population patterns in Colombia impeded the expansion of lowland plantation agriculture. Overall, population density was low (Escorcia, 1978: 3). The population was concentrated in the healthier valleys and savannas of the highland regions rather than in the unhealthy lowlands, creating a serious labor shortage in the latter regions (Safford, 1966: 290, 301-302).

Although the highland zones contained areas of considerable population density, such as Boyacá, Nariño, and Cauca, two factors worked against the development of export agriculture in those regions. One was the difficulty of obtaining a labor force, given the possibility of migration and colonization of the extensive "frontier" area along the mountain slopes. This difficulty could only be overcome by the political (and physical) control of the labor force, which intensified the importance of regional autonomy and local control for the landed elite in those regions. Even if a sufficient labor force could be guaranteed, however, the difficulties of transporting bulky products from the interior highlands rendered these areas noncompetitive in the international markets. The estates of the highlands therefore continued in the colonial pattern of the production of foodstuffs for local markets and such products as cattle, cacao, and sugar for interregional trade (Mejía, 1971: 180-183).

Given these difficulties, members of the landed elite were anxious to encourage industrial development and to invest their own capital in industrial ventures. In contrast, Colombian merchants, particularly those of Antioquia, were generally uninterested in these ventures. Capital was being concentrated in the hands of the latter as a result of the gold export trade, the principal dynamic sector of the Colombian economy at this time. However, these merchants were finding mining and commerce more attractive than industrial investment, largely because of the market limitations resulting from the geographical fragmentation of the country, the marginal economic position of the majority of the population, and the competitive edge that domestic fragmentation gave to imported European manufactures.⁵ In addition to discouraging Antioqueño venture capital, these features of the Colombian economy also virtually guaranteed the failure of the isolated industrialization attempts of the landed elite.

The mountains, gorges, and tropical lowlands of Colombia posed serious difficulties to internal communication. Colonial policy had rein-

forced regional isolation by a lack of investment in internal transportation routes. In the postrevolutionary period, little attention was paid to improving internal transportation because of the extreme technical difficulties and therefore expense involved, the unavailability of state capital, and the external orientation of the ruling elite (Ospina Vásquez, 1955: 215-219; Palacios, 1980: 3-5). Yet such infrastructural development was a key precondition for industrial development because of the separation of capital and markets that characterized the economy and because of competition from imported merchandise.

Whereas capital was concentrated in the hands of the Antioqueño merchants, Antioquia was the most geographically isolated region of the country. In particular, its merchants were cut off both from the coastal shipping and commercial centers and from the homestead region of Santander, whereas regions to which Antioquia was more closely connected were characterized by the seignorial configuration inherited from the colonial period: large estates and impoverished indigenous and land-poor mestizo populations. Thus in this period there was no accessible market for Antioqueño industrial products, nor could Antioquia capital be easily channeled into the commercial and shipping centers. At the same time, imported merchandise could be brought to these centers with considerable ease.⁶

Whereas the regions with capital lacked markets, the region with the best potential market posed other obstacles to industrial development. This region was Santander, an area of family farming. Although Santander was a flourishing center of artisan production and cottage industry, it could not provide a labor force for incipient industry because its population was able to earn a livelihood from domestic production (Ospina Vásquez, 1955: 133-134). Areas that could count on a labor force, such as the southwest and north-central regions, lacked markets precisely because of the conditions that assured them of a labor force: the economic marginalization of the majority of the population. The only solutions to this contradictory situation were to improve the flows of capital and labor between regions—which would require costly state investments in transportation improvements—and to break down the seignorial relations that limited the internal market.

RETHINKING ECONOMIC POLICY: THE EMERGING CONSENSUS

By the 1840s the one growth sector of the Colombian economy, gold exports, was experiencing difficulties. At the same time as many of the

older mines in Colombia were becoming unworkable with the mining techniques then in use, the discovery of readily accessible gold veins in California and Australia created unfavorable world market conditions for that metal (Mejía, 1971: 183-184). It was clear that Colombia was going to need a new basis for economic growth. Industry, however, could not be that basis without some profound social changes, including a concerted attack on regionalism and on colonial patterns of wealth distribution. The elite was not willing to support such a transformation. The solution was sought instead in the development of export agriculture. Merchants and landowners began to agree that Colombia's future lay in agricultural rather than industrial development:

In a country rich in mines and agricultural products, which can support a considerable and profitable export trade, the laws should not try to encourage industries which might distract the inhabitants from the occupations of agriculture and mining, from which they can extract more advantages. The Granadinos cannot withstand in manufactures the concurrence of the Europeans and the North Americans. . . . Europe, with an intelligent population, possessing the steam engine and its applications, educated in manufactures, fulfills its mission in the industrial world by giving diverse forms to raw materials. We should also fulfill ours; and we cannot doubt what it is, upon seeing the profusion with which Providence has endowed this land with rich natural products. We should offer to Europe raw materials and open our doors to their manufactures, in order to facilitate trade and the wealth which it carries with it, and in order to bring to the consumer, at a reasonable price, the products of industry [González, quoted in Ospina Vásquez, 1955: 208-209; translated by the author].

The development of export agriculture could sidestep the internal market problem and thus obviate the need for social transformation. However, the regional isolation and labor market rigidities that had impeded the development of export agriculture remained. Measures to deal with these problems became the major focus of political debate in the 1840s.

Liberals proposed a new national economic policy that would break with the colonial fiscal structure, giving the state the resources to support needed infrastructural development. The most controversial part of this program was the proposal to disentail Church lands, which it was argued would free tremendous amounts of capital for state use (see Mejía, 1971: 121). The policy also included institutional changes that it was hoped could deal with the labor problem while maintaining the social order essentially intact: free trade, the breakup of Indian lands, and the elimination of slavery. These measures were seen as necessary for the

development of export agriculture. As González argued, "If the unproductive laboring classes could be encouraged to migrate to the hot country to cultivate tobacco, the whole society would profit" (Safford, 1966: 209). Highland agriculture was considered unprofitable because its produce was not exportable, and cottage industry was judged noncompetitive and antieconomic. The breakup of Indian lands would, he argued, drive Indians to the hotter lands as labor for tobacco cultivation, while decreasing the tariff would do the same to peasant weavers and artisans (Safford, 1966: 209; Mejía, 1971: 157).

The Liberal program, if successful in stimulating export agriculture, was expected to benefit both the landed elite and the merchants. There was therefore common ground between these two groups on most of the economic reforms proposed: both would benefit from free trade, from the breakup of the reservations (by legalizing the sale of reservation land by individual Indians), from the end of Church tithes (*diezmos*), and from the end of the government monopoly of tobacco (Mejía, 1978: 113-115). It is not clear to what extent the merchants and the landed elite even constituted distinct economic groups by this time, as it appears that the merchants had been tapping agrarian capital to finance some of their operations (Ospina Vásquez, 1955: 129).

Not surprisingly, given the common economic interests of the two groups, the basic economic reforms proposed by the Liberals were in fact supported by members of both parties (Ospina Vásquez, 1955: 204-210; Colmenares, 1968: 35-36). Rather than representing the ascendancy of the merchant class over the landed elite, as traditional interpretations would have it, the reforms in fact represented an attempt by the merchant-landowner elite to confront the economic realities of the period in a manner that would best serve their (combined) interests. During this period of consolidation of the two political parties, merchants and landowners could be found equally in both (Jaramillo Uribe, 1978: 39; Mejía, 1978: 115-116).

Despite this basic agreement over goals, however, there was considerable disagreement over certain aspects of the proposed economic program. In particular, some members of the elite were adamantly opposed to the attacks on slavery and the Church. Both these institutions were important pillars of the seigniorial order that guaranteed economic privilege through the domination of the labor force. Conservatives feared that the dismantling of these institutions would profoundly threaten the social and economic order (Henao and Arrubla, 1938: 448; Colmenares, 1968: 69-72, 77-86).

In their attempts to gain political support, the elites of the two parties began to couch their policy differences in strongly ideological terms. In

this period of reform the Conservative party became the party of reaction, defending the traditional values against the onslaughts of the modernizers. The result was a sharp ideological polarization of the two parties that was to continue throughout the nineteenth century. These ideological differences resulted in alliances that seem strange in purely economic terms: many Antioqueños, for example, whom one would expect on economic grounds to become Liberals, became Conservatives in large part over the Church question (Dix, 1967: 241). The Liberals, on the other hand, included young men from the landowning elite (Fals Borda, 1969: 83-84). Only the slave-owning aristocracy aligned itself with the Conservatives out of clear economic self-interest.

The different ideological positions espoused by the elites of each party did result in some characteristic differences in class background of the groups subsequently attracted to those parties. Jaramillo Uribe (1978: 40) suggests that the emerging "underprivileged" groups—new merchants, artisans, some mestizos, blacks, and mulattoes—tended to associate themselves with the Liberal party. As the expansion of trade and commerce stimulated the growth of urban centers, the middle groups began to grow in numerical importance. This was particularly true in the Santanders, which despite the post-Independence increase in foreign imports had retained their economic importance as a center of artisan-handicraft production and family farming combined with cottage industry. Also in Bogotá, the capital, the middle sector had expanded considerably by the 1840s. These groups were not under the control of regional elites and constituted an important and growing political constituency. That sector of the elite that was coalescing around the need for modernizing reforms managed to incorporate this middle sector into the nascent Liberal party. Thus, whereas the leaders of the two parties represented different policy factions of a single elite class, the Liberal party was developing a strong urban constituency. As a result, a regional basis for the two parties began to be evident. While the southwest and northwest were becoming strongly Conservative, the central and north-central regions, especially Santander and Boyacá, were becoming strongly Liberal (Ospina Vásquez, 1955: 248-249; Jaramillo Uribe, 1978: 45-46).⁷ This regional division was to emerge as a major source of tensions in the coming decades.

By the end of the 1840s, the two political parties had been consolidated. The elite had reached a consensus that the basis for Colombian economic growth had to be agricultural exports. While some aspects of a policy that might accomplish this development were agreed upon, there were sharp divisions over others. These divisions had become the

basis for the consolidation of the parties, their characteristic ideological identification, and their emerging regional bases.

LAYING THE BASIS FOR THE IMPORT-EXPORT ECONOMY

A CHALLENGE FROM BELOW: CLOSING RANKS

With the support of the middle sector, the Liberal party won the presidency in 1850. However, the ideological identification of the Liberals as the party of modernization that had attracted the middle groups masked the essentially elitist nature of their policies. In particular, their free-trade proposals threatened the economic basis of an important segment of the middle classes, those involved in small-scale artisan and handicraft production. The class tensions within the Liberal party soon split it into two factions: the *Gólgotas* (free-traders, the Liberal elite) and the *Draconians* (artisans and others, the popular classes). The conflict between these groups intensified and began to involve large segments of the population.

To the elite of both parties, the election to the presidency in 1853 of the Draconian General José María Obando represented a threat to the basic power structure of the country. The evident class dimensions of the struggle now clearly overrode intraelite differences, and the two groups quickly united. As soon as Obando was elected, the Conservatives and the *Gólgotas*, who together had a majority in Parliament, began to circumscribe his power as president. They also attempted to circumscribe the power of the military, much of which supported him. Obando vacillated in the face of this opposition. Finally, in early 1854, General José María Melo led a coup with the support of the Draconians, and class warfare was openly declared. The elites of both parties were now firmly united on the need to "restore democracy"—that is, to restore their hegemonic control of the political structure. By December Melo had been defeated, hundreds of artisans had been killed and hundreds driven from the country, and the threat of a revolution that would truly challenge the colonial heritage had been averted (Fals Borda, 1969: 78-88; Mejía, 1971: 119-124, 1978: 118-120).

This was just the first of many times that Liberal and Conservative elites were to unite in the face of a potential threat to their class (eco-

conomic) as opposed to their party (political) status.⁸ The overthrow of Melo marked the definitive consolidation of the import-export economy and of the hegemony of the merchant-landowner elite.

The Conservative party now returned to power, and here again the invalidity of the traditional view of Colombian party affiliation becomes evident. This view associates the 1850s reforms with the Liberal party, supposedly acting in the interests of the commercial bourgeoisie against the interests of the landed elite organized as the Conservative party. However, the period of Conservative rule after 1854 witnessed a continuation of, rather than a break with, the economic program that had been initiated by the Liberals. The Conservative president espoused the virtues of free trade and comparative advantage (Ospina Vásquez, 1955: 207). The 1858 constitution passed by the Conservatives was decentralized in nature, as had been the 1853 constitution passed by the Liberals (Ospina Vásquez, 1955: 195; Henao and Arrubla, 1938: 475-477). Both Liberals and Conservatives were, in this period, in favor of federalism and greater regional autonomy: as we have seen, they tended to have their support in different regions of the country (Mejía, 1978: 113-115).

INTRACLASS CONFLICT AND CLASS CONSOLIDATION

Once the threat of class conflict had passed, the intraclass conflict of the elite, always close to the surface, reemerged. Regional conflict had been encouraged by decentralization, particularly as the political parties were developing clear-cut regional identifications. Struggles intensified over the questions of the Church and the relative political strength of the various regions.

These intraclass conflicts erupted in the bitter and protracted Civil War of 1860-1861, in which the Conservative president was overthrown and General Tomás Cipriano de Mosquera became president once again, this time as a Liberal.⁹ Under Mosquera two of the most radical programs of the Liberals were carried out: the disentailment of Church lands in 1861 and the passage of the Ríonegro Constitution of 1863. Under this constitution decentralization was carried to extremes: the states were given considerable autonomy, and the powers of the central government were drastically reduced.

The Liberals carried out this program of decentralization for political reasons. Because their political base was geographically concentrated, whereas the Conservative base was more dispersed throughout the nation, centralization would have increased the possibility for a Conserva-

tive challenge in the national assemblies. The Conservatives could then have used their national political power to attack the regional basis of Liberal strength. Decentralization protected the individual states from the national legislature (see Mejía, 1978: 36). Here once again may be seen the fallacy of the notion that the policies of the Liberal party were designed simply to further the economic interests of the commercial bourgeoisie: decentralization was inimical to the interests of that group as an economic policy but nonetheless was favored by the Liberal party in this period as a political policy.

The Liberals who had come to power with Mosquera were known as the "radicals" of that party.¹⁰ In the 1860s and 1870s the Radical Liberals continued the program of free trade and development of Colombian agricultural exports initiated in the early 1850s, an economic program wholeheartedly supported by the Conservatives (Ospina Vásquez, 1955: 247, 249-253). This did not, of course, prevent the Conservatives from playing politically on any weakness of the Liberal programs. The Conservatives were especially critical of "excessive" railroad investment, which was an important component of the Liberal program. The failure of the Bogotá-Santander-Magdalena line, a costly venture behind which the Liberals had put all their power, had important political repercussions upon which the Conservatives capitalized (Ospina Vásquez, 1955: 251).

This political maneuvering should not be interpreted as reflecting differences in economic orientation. On the contrary, during this period the economic interests of various sectors of the elite were becoming ever more tightly intertwined. The elimination of the state tobacco monopoly and the consensus on the desirability of agricultural export development encouraged many members of the elite to become involved in the production and marketing of a variety of export crops. Safford (1966: 1, 219-221, 240) describes the interest of the Bogotá landed elite and commercial bourgeoisie in the cultivation of tobacco in the lowlands of the Magdalena River. Many of the young "radicals" were themselves leaders in this and other agricultural export activities (Safford, 1966: 221; Fals Borda, 1969: 100). The Antioqueño merchants, who had accumulated tremendous reserves of capital by supplying the mining regions, became both merchants and owners of the new tobacco plantations (Safford, 1966: 1-3, 201-202, 211-219). In 1852 three Antioqueño companies controlled over two-thirds of the tobacco exports of Ambalema, the principal tobacco-producing region. Loans from the Antioqueños were the credit basis for all trade in tobacco (Mejía, 1971: 185).

Thus prosperity drew both merchants and landowners into the production of tobacco and, briefly, of indigo, cotton, and cinchona bark. Export

development occurred, however, in only a few regions of the country. In areas bypassed or only briefly touched by the successive waves of export prosperity, such as Valle del Cauca, the opposite trend was evident: economic depression had the effect of pushing the landed elite into nonagricultural activities. Richard P. Hyland (personal communication, 1977) describes the manner in which the estates of the Cauca River valley were supported during this period by the commercial activities of members of the landowning families. In this region the landed elite was particularly hard hit by the dissolution of the Church estates, as the Church had been an important source of credit. Thus the Liberal attacks on the Church had in these regions the effect of creating a closer economic tie between the traditional landed elite and the commercial bourgeoisie by pushing the former into commercial ventures. The disentanglement of Church lands had a similar but opposite effect: many members of the commercial bourgeoisie acquired vast expanses of the Church land put up for sale, thus becoming landowners as well as merchants (Mejía, 1971: 127-128, 144-146; Melo, 1978: 57; Fals Borda, 1969: 100).

In the period from 1850 to 1881, then, with the consolidation of the export economy, the two principal sectors of the Colombian elite—the landed elite and the commercial bourgeoisie—were merging. As the economic interests of the various sectors of the elite grew ever more united, the political or intraclass conflict became ever more of a contradiction (see Mejía, 1971: 146; Melo, 1978: 57-58). Far from diminishing, however, the political conflict between the elites of the two parties had been intensifying, fueled by the Liberal reforms of disentanglement and decentralization (Fals Borda, 1969: 108-110). The 1860s and 1870s witnessed almost continual regional, and at times national, armed confrontations, increasing in scope and duration as the period progressed. As the political conflict intensified in the 1870s, a growing portion of the elite in both parties sought political conciliation. This was finally achieved in the late 1870s with the political victory of Rafael Nuñez, supported by a coalition of Liberals and Conservatives (Liévano Aguirre, 1944).

CONSOLIDATING THE IMPORT-EXPORT ECONOMY

Many scholars view the economic program of the "Liberal" period (1850-1880) as a failure in that it did not produce a stable export base. From this has come the prevalent notion that the period of the Colombian political economy beginning in 1880, known as the Regeneration,

marked a reestablishment of Conservative political hegemony as a reaction to that failure. This reaction is seen as a setback for the "modernization" of the country, a reassertion of traditional principles and programs (Ospina Vásquez, 1955: 234, 276; Jaramillo Uribe, 1978: 48-49; Londoño and Velásquez, 1974: 114-115; Melo, 1978: 61).

This would appear to be a basic misinterpretation of the political economy of the period. Much available research indicates that the Liberal period was an economic success for at least three key groups of the elite: the commercial bourgeoisie involved in import-export, the landowners involved in export agriculture, and the financiers (Safford, 1966: 255-256; Mejía, 1978: 124-126; Jaramillo Uribe, 1978: 46-47; Melo, 1978: 55; Fals Borda, 1969: 102-103). The period saw a tremendous increase in export trade and an expansion of imports. The port cities—particularly Barranquilla—and internal commercial centers benefited greatly from this expansion. Transportation improvements, stimulated by the import-export trade, were carried out throughout the country. The most notable of these were the navigation of the Magdalena River by steamship, the construction of the Panama railroad and the Bolívar railroad from Barranquilla to the sea, and initiation of the railroad from the Cauca Valley to the Pacific.¹¹ There was considerable expansion of banking, linked to the expansion of commerce.

At the same time, the limited regional impact of export prosperity had contributed to increasing regional disparities. This, combined with the polarization of regional political identification, had led to the situation of almost continual warfare described above. Some regions were being devastated by the struggle, and the resources of the federal government were being drained. Furthermore, although the indicated sectors of the elite were prospering and growing in economic and political power, the agricultural export sector had yet to consolidate itself around a stable, long-term growth crop.

Thus it would be erroneous to interpret the next phase—the alliance of the Liberals and Conservatives behind Nuñez and the subsequent Conservative hegemony—as a reaction against modernizing trends in the economy or as a victory of the landed elite over the commercial bourgeoisie. Rather, the Regeneration can be viewed as an attempt by most sectors of the elite to create a political solution to an economic problem—divergent regional development—whose expression in terms of political conflict threatened the continued growth of the Colombian economy. As Mejía (1978: 126) describes it,

a dominant class of national scope is already in the process of consolidation whose multiform interests are expressed in land, commerce, and

banking and upon whose doctrinal antecedents, be they liberal or conservative, is imposed the necessity of consolidating a central authoritative power to perform in the political realm the function of creating a market and a national entity [translated by the author].

Escorcia (1978: 36-37) has a similar analysis: "The Regeneration should be understood as a rationalization of policies designed to improve the position of the ruling elite much more efficiently than had the Liberal party." The Regeneration was a complex mixture of political, ideological, and economic reforms designed to restore peace and further the economic advancement of the elites of both parties. Laissez-faire was dropped in favor of active state intervention to develop infrastructure such as railroads, a new monetary system, supervision of banks and financial systems, and the protection of certain industries. The Constitution of 1886 established rigid centralism: the states were changed to *departamentos* with but a fraction of their former powers, whereas the authority of the central government was restored and increased. The Concordat of 1887 reestablished relations with the Church.

Despite continuing political struggle, the Colombian elite was generally united on the basic direction the economy should take. The success of the agricultural export attempts of the Liberal period, albeit ephemeral, had, as Safford (1969: 256) puts it, "addict[ed] Central Colombia to foreign trade" and "convinced many of the elite that Colombia's best avenue of prosperity lay through agricultural exports." Whereas tobacco exports were declining by the late 1870s and exports of cinchona bark, after a brief spurt in 1880 and 1881, declined drastically (Nieto Arteta, 1962: 266-267, 282-283), coffee was emerging as a leading export crop. Its cultivation was being encouraged by the elite in various parts of the country, and cultivation was expanding on the estates of Antioquia and Cundinamarca, owned by Liberals and Conservatives alike (Ospina Vásquez, 1955: 245-246, 285-286; Parsons, 1968: 137-141; Safford, 1966: 297-300).

The Conservatives took direct steps to consolidate the import-export economy. The politically expedient nature of their criticism of Liberal expenditures on railroad construction is revealed by the new fever of such construction the government undertook after 1886. Once again, the railroads connected internal points with the sea, either directly or by way of navigable rivers. There were also continuing efforts to improve river navigation for the import-export trade (Ospina Vásquez, 1955: 279-282).

Although seeking to consolidate the import-export economy, the Colombian elite, with rare exceptions, did not see this as the ultimate goal for the Colombian economy. Rather, looking toward the growing indus-

trial empires of Europe and the United States, it hoped to encourage domestic industrial production as well. In the initial reaction against the Radical Liberals, both the Liberal and the Conservative supporters of the Regeneration went along with protectionism (Ospina Vásquez, 1955: 287). Fairly high tariffs were imposed, and some attempts were made to stimulate new industries through monopoly privileges.

Again, these scattered attempts met with little success. The contradictions of attempting to stimulate economic growth within the bounds of a seignorial economy still limited the possibility of industrialization. On the one hand, the government's attempts to finance infrastructural development, as they were heavily burdened by war debt and had a stagnant if not deteriorating revenue base, led to rampant inflation and a deteriorating exchange rate. This deterioration lowered the effective rate of protection offered by the tariff structure (Ospina Vásquez, 1955: 278, 300-317; Melo, 1978: 83-84; Rippey, 1976: 87; Escorcia, 1978: 55).

On the other hand, there had been no attempts over the course of the century to address the structural blocks to industrialization arising from internal market stagnation and regional fragmentation. The measures carried out during the Regeneration intensified the pattern of regional isolation, uneven regional growth, and external orientation that had characterized the early development of Colombia's import-export economy (Escorcia, 1978: 60-62; Ospina Vásquez, 1955: 351-353, 402-403). The net result of the transportation improvements of both periods was to encourage focal points of commercial activity rather than internal trade linkages, thereby increasing regional fragmentation and isolation. In the often-quoted words of Ospina Vásquez, "it was cheaper to bring a load of merchandise to Medellín from London than from Bogotá." Each region, centered on its focal point, supplied its own needs through local production and through imports (Ospina Vásquez, 1955: 283). As a result, the positive effects of import-export expansion taking place in a few areas of the country were not transmitted to other regions through increased inter-regional commercial exchange. Furthermore, the increase in domestic demand arising from the expansion of exports was limited by the cultivation of those exports on large estates. Whereas wage income was minimal, with much of the payment to labor taking the form of usufruct rights, rent and profit income was concentrated and channeled principally into imports.¹²

The increasing reliance on imports had finally devastated the handicraft production of the Santander region. In the traditional mining and latifundium sectors of the country there had generally been a depression throughout the second half of the nineteenth century, related to the de-

cline and ultimate elimination of slavery and the increasing lack of competitiveness of the older mines. According to Ospina Vásquez (1955: 454n), "Cauca and the Coast (except the ports) were in a torpor of long standing, and the standard of living had probably declined." He suggests that the Sabana de Bogotá was also in a decline (1955: 453-454), as was the Cauca River valley (Richard P. Hyland, personal communication, 1977). The Cundinamarca haciendas were also apparently in a crisis around the middle of the century (Ospina Vásquez, 1955: 194n).

Despite considerable unity among the elite on the basic economic goals and policies, the growing regional inequalities and isolation resulting from those policies intensified intraclass conflict. Although centralism was advocated and agreed to by both parties as a necessary condition for peace and national economic growth, it quickly became the means by which the Conservatives, in power after 1886, effectively disenfranchised the Liberals (Melo, 1978: 62-63; Fals Borda, 1969: 115-117). With no electoral means left to gain power, the Liberals were forced into violent opposition, first in the brief civil war of 1895 and then in the prolonged and devastating War of a Thousand Days from 1899 to 1902.¹³ The Liberals were defeated, and the Conservatives remained in power until 1930.

After 70 years of independence, the basis for industrial development had yet to be laid in Colombia. The economy increasingly revolved around foreign trade, with the export producers and the commercial and financial elites as the principal beneficiaries of economic growth. The general poverty and regionalism of the country severely limited the internal market. Far from attacking these obstacles to industrialization, the "modernizing" reforms of the Liberal period and the policy refinements during the Regeneration had intensified them. Not until the twentieth century, with the expansion of smallholding coffee production, were seigniorial class relations and market limitations to be challenged. Only then would industrial development take hold in Colombia.

CONCLUSION

The failure of Colombia to industrialize in the nineteenth century has complex roots, roots deeply imbedded in the colonial period and its legacy. It is far too simple to ascribe it to resistance of the landed elite, through the Conservative party, to Liberal reforms. In fact, we have seen that the "modernizing" reforms of the Liberals were in no way capable of

overcoming the basic obstacles to industrialization. Nor were they designed to, for the basic obstacles to industrialization emanated from the very social and economic structures that maintained the class privilege of all sectors of the elite.

The society the elite hoped to build—one that would foster economic growth without undermining economic privilege—was contradictory and unstable. With no challenge to the seigniorial relations that maintained much of the population in poverty, with the emphasis on free trade that increased the poverty of other groups, and with the lack of incentives to improve internal communications and foster internal trade, regional inequalities grew as the import-export economy developed. These regional inequalities fueled intense regional conflicts. The intraclass struggles of the elite should not blind us, however, to their basic social and economic unity, a unity that periodically reasserted itself in the face of threatened class confrontations and that was to persist despite the turbulent changes of the twentieth century.

NOTES

1. For a detailed description of the distinct regional economies, see Mejía (1971: 50-51), Escorcia (1978: 14-17), Ospina Vásquez (1955: 19-28, 32-34, 52-74), Parsons (1968: 2, 65-66), and Nieto Arteta (1975: 57-59).

2. See, for example, Mejía (1971: 119-121), Londoño and Velásquez (1974: 114-115), Nieto Arteta (1975: 27-29, 31), Dix (1967: 246-247), Arrubla (1969: 71-72), and Klein (1983: 35-36). A good overview and critique of this argument for Latin America as a whole and Colombia in particular is presented by Safford (1972).

3. For example, Mejía (1978) attempts to reconcile the earlier interpretation of the distinct economic bases of the two parties with the more recent view of shared economic interests (pp. 113-118) but in the process avoids the issue of the sources of party strife (most strikingly on page 112, in which he dismisses the numerous civil wars and local struggles of the nineteenth century).

4. Some police inspections fell entirely within the grounds of a latifundia and were completely controlled by its owner. Town councils were controlled by the latifundista and in turn controlled the mayor because they set his salary (Bejarano, 1975, describing the situation in the early 1900s; see also Dix, 1967: 203-208).

5. For various views on the obstacles to industrial development, see Jaramillo Uribe (1978: 35), Mejía (1971: 213), Ospina Vásquez (1955: 181), Safford (1966: 1), and Colmenares (1968: 51-68).

6. This configuration can be instructively contrasted with the experience of the United States, where the basis for industrial development was being laid during this same period. The mining activities of Antioquia could be compared to the cotton plantations of the South as generators of foreign exchange earnings and capital. In both cases this

capital was concentrated in the hands of the merchants handling the export trade and supplying the productive regions. In the case of the United States, however, the merchants were located in a region, the northeast, that was soon connected by transportation routes to the thriving and expanding frontier region of the midwest. This provided incipient industry in the northeast with a dynamic market and encouraged venture capital for industrial development. The commercial and shipping centers were located in the same northeast region, further supporting industrial development.

7. This is not to suggest that party membership strictly followed regional lines. Particularly in the countryside, members of the two parties sometimes lived in close proximity, and this was to increase over the course of the century.

8. "Behind the formal division of Colombians into two political parties can be detected the disposition to form coalitions from above that function in critical conjunctures and serve the ruling class of both parties by reaffirming its control whenever the situation threatens to turn into a crisis of the system. Examples . . . [are] . . . 1854, 1904, 1919, 1929, 1945, 1957, and even 1970" (Escorcía, 1978: 56; translated by the author).

9. During his first administration, Mosquera had been a conservative. He came from a traditional, religious Popayán family that owned land, mines, and slaves (Jaramillo Uribe, 1978: 46). His political conversion is further evidence of the marriage of economic interests among different segments of the elite.

10. In the 1840s the artisans had formed political groups called "democratic societies." The "radical" Liberals in reaction formed an elite counterpart to these societies, known as the Republican School, which was committed to major "modernizing" reforms. They were young sons of the elite who had had considerable contact with Europe, especially France: Salvador Camacho Roldán, Santiago and Felipe Pérez, Aníbal Galindo, José María Samper, Manuel Murillo Toro, and others. They by no means represented only the interests of the commercial bourgeoisie. Roldán, for example, in 1878 would help to found the Sociedad de Agricultores Colombianos, a powerful conservative society of the landed elite that has persisted to the present day (Fals Borda, 1969: 83-84; Ospina Vásquez, 1955: 249).

11. These were all, it should be stressed, means to improve communications with the exterior, not between interior points. Internal trade was not increasing, nor had any steps been taken to counter the obstacles to industrialization.

12. This contrasts sharply with the export-led development that occurred in Colombia in the early twentieth century on the basis of small-scale coffee cultivation throughout the country. For a detailed examination of that process, see Reinhardt (1984).

13. Escorcía (1978: 37, 55) argues that economic as well as political considerations underlay the war: the general decrease in world coffee prices after 1895 had severe consequences for the Colombian economy. Rippy (1976: 87) quotes from a letter of 1891 written by the United States minister at Bogotá to the effect that Colombia was "absolutely penniless": "Its revenue is not sufficient to pay the interest on its present debt. . . . It has no credit; it couldn't borrow." On the other hand, it is not clear that the Liberals were necessarily adversely affected by the economic conditions of the period. Devaluation and inflation were helping the coffee growers, for example, by increasing the peso price of coffee and lowering real wages (Mejía, 1978: 126-129; Ospina Vásquez, 1955: 285). Nor does it appear that the economic policies advocated by the Liberals differed from those of the Conservatives. It would seem that the main causes of the War of a Thousand Days were probably political.

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