

# New Hamilton book revives old ally to fight pro-British Brazilian oligarchs

by Silvia Palacios

In collaboration with *Executive Intelligence Review*, the Ibero-American Solidarity Movement (MSIA-Brazil) has just now published the first Portuguese translation of Alexander Hamilton's *Report on the Subject of Manufactures*, of 1791 (see *EIR* Vol. 19, No. 1, Jan. 3, 1992 for excerpts of the original text). The celebrated report to the United States Congress by the first secretary of the treasury under President George Washington, is accompanied by a prologue written by U. S. presidential pre-candidate Lyndon H. LaRouche, Jr., and an introduction by the dean of Brazilian journalism, Barbosa Lima Sobrinho, who, at the age of 98, recognizes that the teachings of what is known (since Hamilton himself) as the "American System" are fundamental for any nation wishing to free itself from the plague of free-market liberalism scourging the world.

Barbosa Lima welcomed the *Report on Manufactures* in his weekly newspaper column in *Jornal do Brasil* on July 30, where he wrote, in part: "To be in total agreement with all these considerations, suffice it to read the *Report* itself by Alexander Hamilton, when he writes about the measures to which the United States could resort in order to create a program of economic independence. . . . Hence I was always very interested in seeing published in Portuguese, this famous report by Alexander Hamilton, a service we owe to Silvia Palacios, the *EIR* correspondent together with her husband Lorenzo Carrasco, who had the decisive support of the publisher of *EIR*, Mr. Lyndon H. LaRouche."

Barbosa Lima concluded, "This work is all the more timely, as we are going through a stage in our economic development today, equivalent to what the United States experienced in Alexander Hamilton's day, which gives us the right to resort to the same phrases of the report's author, 'neither Greeks nor Trojans,' only Brazil. We have to reflect on the purely defensive measures which the United States used to achieve the primacy in industrial development which it currently enjoys."

In his introduction to the book, Barbosa Lima introduces the reader to who Alexander Hamilton was, and the importance of his ideas in the historical battle against Adam Smith's "free trade" policy. He stresses that "fortunately today, the

world is going back to familiarizing itself with Hamilton's work, to a large extent thanks to the efforts of the American economist Lyndon H. LaRouche."

The book appears at a moment when the Brazilian oligarchical establishment, through its agents in the Foreign Ministry—such as Itamaraty—has been working frenetically to rejuvenate the special relationship which Brazil, first as a colony, and later as an empire, and finally as an independent country, maintained with Britain since the onset of the 19th century. In 1808, João VI, escorted by the British Navy, had just transferred the seat of the Portuguese empire to Brazil. He signed a law under which the ports of Brazil were opened to free trade. Thus Brazil remained a commercial colony of the Anglo-Dutch oligarchy, which turned the country into one big raw materials-supplying slave plantation.

Even though this aberration started to break up around the middle of the past century, because of the actions of industrialists inspired by the ideas of Hamilton and the other American System theorists—Henry Carey of the United States and Friedrich List of Germany—to this day, the oligarchist scheme imposed by Britain looms over the Brazilian elite. A huge weight is carried by the vision of a European-trained elite which could dominate a country of virtual slaves.

This is the vision clearly mirrored in the most recent statements by Foreign Minister Luis Felipe Lampreia, who wrote in an article published in the *Jornal do Brasil* on July 18, regarding his official visit at that time to Great Britain:

"Any Brazilian student knows the importance of England in the history of Brazil, especially independent Brazil. Throughout the 100 years that followed after the Royal Family of Portugal left for Rio de Janeiro, in 1808, the English were our best partners, the great economic and military power with whom we went through periods of intense cooperation and moments of sharp tension. From the standpoint of infrastructure, we practically entered the 20th century thanks to the British presence in Brazil, and the same occurred in other branches of industrial and commercial activity."

The modern version of that submission to England is that if colonialism is accepted again, Brazil will be able to enter the United Nations Security Council. In its blindness, the

pro-British Brazilian oligarchy has reached the nadir of wanting to exploit the crisis in Bosnia to argue for Brazil's entry into the select club, instead of condemning that frightful, U.N.-abetted genocide.

Foreign Minister Lampreia himself, during his London stay, right after the fall of Srebrenica into Serbian hands and the ensuing slaughter of unarmed civilians, gave a speech on July 17 declaring: "The U.N. faces a difficult test in Bosnia. The situation has to be seen as an opportunity to reflect on how difficult it is to change to have a stronger and more effective organization which could contribute better to maintaining peace. The Security Council ought to reflect a more equitable and adequate representation of developed and developing countries."

Lyndon H. LaRouche, in his prologue (published in English in *New Federalist* newspaper on May 29, 1995, Vol. IX, No. 20), presents the idea that precisely this system, which Itamaraty is trying to cling to, is dead:

"At the moment this preface is written, 'liberal economics' is dying. What the future brings to replace it, is not yet decided. During the coming months, the leading nations of the world will make a choice; that choice will become final—by decision, or by default—not later than a year or two from now, probably much earlier. Then, either the existing world monetary system will have been put under financial-bankruptcy reorganization by governments, and replaced by a completely new system of national banking, or, in the alternative, the monetary and financial institutions of this planet will have collapsed into a state whose most recent precedent is the 1922-1923 disintegration of Weimar Germany's Reichsmark.

"The world's leading governments have only one choice: either put the entire IMF system under government-controlled financial bankruptcy proceedings, or let the world slip into a global 'new dark age' nightmare—of famine, epidemic and political disintegration—worse than anything European civilization has experienced since the period of the Black Death, during the middle of the Fourteenth Century.

"We could not eliminate the effects of that 'New Age' madness," LaRouche goes on, "without also eliminating the condition which allowed these changes to occur. Therefore, we must also eliminate the dominant role of what is called modern British Liberalism, the philosophical liberalism otherwise known as 'empiricism,' or 'positivism,' which has shaped the recent history of the world increasingly during the recent four centuries. Without the debilitating effect of that liberal influence upon the morals and culture of nations, the recent, dominant role of the New Age would not have been possible."

### **American System in Brazilian history**

The first edition in Portuguese of the Hamiltonian *Report on Manufactures* includes a chapter on the influence which the American System has had in Brazil, co-authored by Lorenzo Carrasco, *EIR* bureau chief in Brazil, and by Geraldo

Lino of the Brazilian Ibero-American Solidarity Movement (MSIA). This lays out a precedent for the fight against the British System in various period of Brazil's history.

"Starting in the middle of the 19th century, it is possible to identify the emergence in the country, slow but steady, of a current of pro-industry thinking, clearly influenced by the success obtained in the United States of America, particularly with the applications of the programs of the American System.

"The first institutional attempt at support for industrialization was that of Minister Manuel Alves Branco, who held the finance portfolio on four occasions between 1839 and 1848. In 1844, Alves Branco abolished the universal customs tariff of 15%, which had been in force since 1828, and established variable tariffs of between 30 and 60% for most imported products.

"Even though the protectionist tariffs set up by Alves Branco did not survive long, mainly because of British pressures, the debate around protectionism would reemerge with full force in the decade of the 1870s . . . within the Society for the Aid of National Industry (SAIN), where the industrialist faction . . . pointed to the United States of America as the example to follow. . . . In 1877, after a heated debate over whether or not protectionism is a good thing, the SAIN urged the government to adopt a true industrial policy, which would include tariff protection for various basic industries, exemption from taxes for the export of industrial products, and preference to buying products from domestic industry for various governmental administrative bodies.

"The following year, at the apogee of enthusiasm, the Brazilian industrialists published a volume with the 'letters replying to the *London Times*' written by Henry Carey to that influential bastion of free-market liberalism in the British press, in which Carey not only demolished the arguments of the liberal system but emphatically defended the protectionist system for young nations (ironically and symptomatically, this is the only text of Carey published in Brazil). The introduction to these letters was written by Ferro Costa.

"In the output of these pioneers, the trademark of the American System is clear-cut, and this is further proven with the arrival of the republic in 1898 and the nomination of Ruy Barbosa as finance minister. A fervid advocate of industrialization, his policies were deeply inspired by the 'genius of Hamilton, [who had] the greatest capacity for organization among the builders of the Anglo-American republic,' as the Report of the Finance Minister of 1891 characterized him"—exactly 100 years after Hamilton's *Report on Manufactures*.

Beyond any doubt, the publication of the *Report on the Subject of Manufactures* is a contribution to refounding in Brazil the anti-oligarchical tradition which caused the best of national industry to flourish, and without which the country cannot escape from the suicidal path on which it has been set by the free trade economics of Adam Smith and his modern epigones.