

Problems in the transition to capitalism in the context
of underdevelopment: Peru and the War of the Pacific

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ABSTRACT OF THESIS.

The characterisation of Latin American social formations is a matter of some controversy for Marxists and non-Marxists alike. This thesis attempts to contribute to an understanding of the problems of transition encountered by Latin American states after Independence, in the context of their colonial history and their partial integration into world capitalism. The first three chapters are consequently devoted to a variety of philosophical and methodological issues, notably to the theory of modes of production, the nature of the State, and issues of race and class.

These themes are then explored through an examination of the complex development of the Peruvian social formation from the 'Inca mode of production' to Independence, as evidenced by persistent intra-elite conflict and racial cleavages; a fractionalisation of class processes which is expressed in turn in the failure to re-construct an effective national state. These issues are examined in the context of the emergence of a crystallised re-feudalisation, based on the need of Britain and the U.S.A. for a series of 'primary' products. In this way, aspects of Peru's stagnating transition are linked to the partial determination exercised by international capital.

These strands converge in the empirical focus of the study, the War of the Pacific (1879-1884), waged by Chile against Peru and Bolivia. The War not only reveals the specificity of Peruvian class configurations, and the 'fictional' nature of the Peruvian nation-state, but also illustrates the relationships both with and between the dominant metropolitan powers.

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ABBREVIATIONS

BT	Board of Trade
Cia.	Compania
ECIA	Economic Commission for Latin America
F.O.	Foreign Office
F.O. 61 etc.	Foreign Office papers , 61 etc.
H.M.G.	Her Majesty's Government
PP	Parliamentary Papers
P.R.O.	Public Record Office

To my father and mother

CHAPTER 1: INTRODUCTION.

A. Orientation.

The War of the Pacific occupies a central place in Peruvian historiography; a succession of observers, from contemporaries to modern academics, have offered a variety of interpretations of both its causes and effects. This thesis subjects these views to a re-examination, set in the context of current debates around the theories of Imperialism and Under-development. It will be argued that much of the debate concerning the attribution of guilt over the Pacific War is misguided; constructed around a model of expanding Capitalism which suffers from hyper-intentionality (cf. Shanin, 1978), and which is often used by bourgeois critics of historical materialism as a kind of theoretical Aunt Sally. This is not to deny agency in the historical process, but to imply that it should be perceived as resting in class development, conflict and change, not in anthropomorphised and homogenised states.

The ideological element in this debate can be clearly seen in the origin of the myth of the war as an aspect of direct intervention in the hemisphere by Britain. In 1882 the Secretary of State of the U.S.A. said to Congress;

"It is a perfect mistake to speak of this as a Chilean War on Peru. It is an English War on Peru, with Chile as the instrument."
(in Kiernan, 1955, p.23).

This notion of the War as predicated upon an overt and aggressive British imperialism took root among Peruvian scholars. Mariano Paz Soldan alleged that the (mainly British) shareholders of the Antofagasta Nitrate Co. had persuaded the Chilean Government to go to war, (1884, pp 87-89). Mariategui concurred with this interpretation;

"El guano y el salitre despertaron la codicia de las potencias extranjeras, mas espificamente del imperialismo ingles, que alento y empujo al Gobierno Chileno para que este prepara cuidadosa y alevosamente el ataque militar."
(Mariategui, cited in Roel, 1976, p. 70)

Basadre, even while discussing another author's rejection of this view, concludes, "...el capitalismo ingles ayudo y sostuvo a Chile en la guerra contra el Peru."(1976, p 38.)

Accompanying this version of the causality of the War has been an interpretation of the War as a 'watershed' in Peruvian history, where a sophisticated economic structure, which included modern financing and communications systems, was destroyed, along with the prospect of a self-sustaining capitalist development(cf. Bonilla, 1970, p. 342.)

The obverse of this thread of argument is that provided by what almost represents a school of apologists for British merchant capital. A series of microscopic studies have focussed on the individual activities of particular diplomats or merchants, and their behaviour is measured against the template of a model of Imperialism, which must be proved by the existence of mechanisms of formal control, or at the very least some intention of gaining formal control. The key notions of informal control and dependency are rejected.

".. it would be as well to state at this stage that the key term here is taken to be subordination, and the indicative phenomenon the employment of economic and military superiority as a means to force concessions, secure privileges or remove impediments on economic activity in foreign territories. To argue that dominance alone is sufficient token of economic imperialism that the heavy dependence of one country on another for its markets, its imports, and its capital is

representative of colonial status is clearly unsatisfactory." (Matthew, 1968 pp. 562-3).

Platt (1977, p. 14) points to the significance of internal factors such as inadequate capitalisation, labour shortages, deficiencies in the means of production and the infrastructure, as being far more significant than the effect of British involvement in Latin American enterprises, and states that these problems, "must have made the alternatives to foreign connection as uninviting to Latin Americans at the time as they seem speculative to the historian today." (ibid.) Platt's self-identification as an historian is one of the crucial features of this perspective, especially since the definition of the profession is so narrow as to exclude consideration of the debates around dependency theory, "which has now reached a level of abstraction difficult to associate with what may be understood to have happened in the past" (op. cit., p. 2). Thus, in opposition to the Grand Theory of 'dependency', this school engages in an abstracted empiricism which extends to bizarre hagiographies of long-dead merchants.

"Despite well publicised disputes and criticisms old established and respectable British merchants in fact worked reasonably well with the emergent governments of Latin America. A. Gibbs and Sons had an instinct for cooperation which depended much on their moderation, their conformity to a strict code of business morality, and their rejection of capitalism's more free-wheeling ethics.....These were honest, liberal, intelligent and patient men, working long hours, whose wives saw little of them, and whose record of philanthropy was creditable."¹ (Greenhill, 1977, p. 252 and p. 188).

Blakemore (1975) in his study of the Foreign Office's response to

1. This passage is worth quoting at length if only because it is one of the few occasions in which women appear in historical analysis of Peru, even if they only feature as a contingency of being the wives of businessmen!

the complaints of the Bondholders, emphasises that the lukewarm reception they got demonstrates that Latin American States were truly 'sovereign', and that variations in HMG's willingness to intervene were purely a function of changing personnel. This interpretation will be dealt with in detail below; what concerns us immediately is that, based in a detailed reading of Foreign Office papers, Blakemore's thesis is meant to represent a corrective to dependency theory.

We need not pursue the same theme through the work of Ferns (1960), the earlier work of Platt (c.1972, pp 295-311) or that of Miller to see the way in which detailed source analysis has become a pre-occupation to the exclusion of any hermeneutic reading of 19th Century Peruvian history.¹ By concentrating on the predilections or moral character of individual actors, the processes and effects of the international system on class formation and class interests in the soi-disant 'sovereign states' of the 'periphery' are ignored.

The work which follows attempts to provide a different reading of the historical subject matter. It is unlikely that anyone will be able to improve substantially on Kiernan's examination of the source material concerning the involvement of HMG in the Pacific War (1955). However, there is certainly space for a reinterpretation and supplementation of this material, which situates the event within a Marxist analysis of developments in the post-Independence Peruvian social formation and its relationships with the outside world. Since I view the framework within which empirical material is located to be almost as important as the material itself, a substantial portion of the thesis will be devoted to the theoretical background to Peru's experience in the 19th Century. The thesis is accordingly divided into two sections. The first of these, consisting of the rest of

1. For a detailed critique of this 'school', see B. Albert (1981)

this chapter, and the entirety of that which follows, represents a theoretical prospectus, identifying the parameters within which I consider any historical investigation of the global phenomenon of uneven development should take place. This section is intended to confront the reductionism inherent in both the functionalism of Rostowian 'stage theory', and the structuralism which appears to have overtaken the debates on the transition from feudalism to Capitalism, and the question of modes of production in general.

The second section examines the historical material bearing on the social and economic consequences of Peru's contacts with the outside world, commencing with a treatment of the secondary material available on the period from just before the Conquest, and continuing in a close examination of the period leading up to the Pacific War. It is hoped that by locating the evidence firmly in the framework identified in the first section, critics of theories of dependency and imperialism such as Platt, who complain of the distance between theory and evidence, will be answered.

It will be recognised that the project outlined above begs a number of important questions. In particular, the relationship between 'theory' and 'empirical research', posited by the sequencing of the work, requires some justification, particularly in the light of the current debate between 'structuralism' and 'historicism'. One of my prime concerns must be that of method, and it is to that central problem that I turn now.

B. Methodological Argument.

The whole question of the formulation of theory in the historical materialist tradition has in the past few years become the focus of intensive debate (c.f. particularly, Hindess & Hirst, 1975; Anderson, 1980; Cutler et al., 1977; Thompson, 1978; Anderson, 1979), and this has been reflected in a sharpening debate on the adequacy of theories of Imperialism and Under-development, from within the Marxist tradition (for reviews of this material, see Brewer, 1980; Taylor, 1979; Foster-Carter, 1978). There have been common denominators to these debates; namely the adequacy of the units of analysis used to categorise or identify historical transformations.

The problem ultimately concerns the entire basis of the Marxian analytical method, but as an exemplar, I shall begin by looking at the problem of periodisation in historical materialism. One recent trend in Marxist analysis has been to stress the relative autonomy of analytical categories from their 'historical' origins, citing Capital as an authority;

"Definite historical conditions are necessary that a product may become a commodity. This does not mean that the theoretical analysis of commodities is a historical analysis in the sense of being an examination of the concrete conditions of commodity production and their actual development. The theory in 'Capital' is historical only in so far as the categories it deploys are historically specific to the capitalist mode of production and are not applicable to any other form of society." (Kay, 1975, p. 13n).

In this approach there lies the danger of a tautology which is likely to cause particular problems for those investigating the history of the contact between Capitalism and other forms of

production. How are we to define a 'capitalist mode of production'? By the existence within that specific form of categories such as 'commodity production'. How are we to identify this as being a necessary condition of the existence of a 'capitalist mode of production'? Because these categories occur only within capitalism. It is ironic that Althusser, from whom this perspective originates, should have developed it supposedly to avoid teleology, since his idea of historical materialism ultimately appears as a closed hermeneutic circle;

" It has been possible to apply Marx's theory with success because it is 'true'; it is not true because it has been applied with success." (Althusser, 1970, p.59).

If one is to follow Althusser (and also, for example, Hindess and Hirst, 1975), one will only be able to accept 'pure' and integral 'modes of production' as being 'real', since only ^{these} have the requisite internal logical consistency. It would be quite useless to look for examples of these in the 'historical record', and hence history is considered of little use to the contemporary Marxist.

Other neo-Althusserians have actually engaged in historiographical explorations of their own, but have been careful to follow Althusser's strictures on the notion of 'historical time';

"We must grasp in all its rigour the absolute necessity of liberating the theory of history from any compromise with 'empirical temporality', with the ideological concept of time which underlies and overlies it, or with the ideological idea that the theory of history, as theory, could be subject to the 'concrete' determinations of 'historical time'." (1970, p105).

When Anderson undertakes the task of a comparative history spanning a millennium and the entire globe, he finds it necessary to disarticulate the linear temporality of 'traditional' historical investigation;

"Although all historians are naturally aware that rates of change vary between different layers or sectors of society, convenience and custom usually dictate that the form of the work implies or conveys a chronological monism..... Since the specific object of this study is the whole spectrum of European Absolutism, no single temporality covers it..... Its underlying unity is profound, but it is not that of a linear continuum." (Anderson, 1979, p.10).

A similar approach is adopted by the non-Marxist Barrington Moore, in his analysis of the origins, courses and outcomes of bourgeois revolutions (1977). The value of the 'laws' produced by these authors to identify the nature of epochal transformations is somewhat problematic. In dealing, as Marx did, with the model of industrial development¹ from feudalism, a degree of autonomy on the part of the form studied can be assumed. Similarly, the societies studied by Anderson and Moore are subject to identifiably endogenous influences on their development at the stage at which they are subjected to study. Given the contemporary development of Capitalism, and its control over world markets, let alone political systems, a study of political and social development either within national boundaries, or in a theoretical system of temporal disjuncture, would be nonsensical. Hence, as Roxborough points out, it is no longer simply the components of the 'system' which need to be examined, but also the stage of its insertion into the world system (1979, passim). An evolutionary model of capitalist development which allowed only one route to change, composed of a succession of modes of production of invariant form, would be, in its own way, as idealist and unsatisfactory as Rostowian 'Stage Theory.' Explicit opposition to this epistemological approach is in evidence in much of Marx's work;

1. It is argued by authors as far apart as Althusser and Thompson that Marx was not in fact arguing closely from the English experience, but it remains a fact that Marx did not have an alternative model.

"The premises from which we begin are not arbitrary ones, not dogmas, but real premises from which abstraction can only be made in the imagination. They are the real individuals, their activity and the material conditions under which they live, both those which they find existing and those produced by their activity. These premises can be verified in a purely empirical way." (Marx, 1970, p.42).¹

An expanded version of this argument characterises Marx's assault on Proudhon in the "Poverty of Philosophy", and Thompson identifies numerous references in the work of Marx and Engels resting on a firm notion of empiricism. (1978, cf pp. 259 & 279). However, these criticisms are raised not to jump on the band-wagon of Thompson's rebuttal of Althusserianism, but to raise some questions which now inevitably arise about the theory of under-development.

If we were to follow a rigid categorisation of integral and discrete modes of production, the problem of periodising Latin American 'under-development' would become acute. Some have followed Frank (1972, *passim*) in asserting that Latin America was integrated into a world capitalist system from the moment of colonisation, and therefore from this point on under-development was to be the inevitable result of the demands of capital reproduction. Laclau (1977), and Banaji both point to the absurdity of assuming that capitalism can be characterised solely as a set of exchange relations;

"The initial impulse which sustained the vast network of world commodity exchanges before the eighteenth century derived from the expanding consumption requirements of the lords. Moreover, at its inception, the colonisation of Latin America was a feudal colonisation, a response to the crisis of feudal profitability which all the landowning

1. The two final sentences of this paragraph actually represent a rare instance of 'correspondence' between the theories of Marx and Althusser, since this is close to the concept of 'over-determination', which will prove particularly useful in our later examination of Peru.

classes of Europe were facing down to the latter part of the sixteenth century."

(Banaji, 1977, p. 31.)

This form of trade was in fact outside the orbit of capitalism as a mode of production, largely because mercantile Capital, as Marx points out, is only involved in the sphere of capital circulation, not capital accumulation, with a major proportion of any extracted surplus being directed towards consumption (a theme which will strike resonances when we come to examine 19th Century Peru). Therefore, any commodity production taking place within colonial societies functions only as a mediation of consumption. Banaji quotes from the Grundrisse in support of this argument; "if a nobleman brings the free worker together with his serfs, even if he re-sells a part of the worker's product, and the worker thus creates value for him, then this exchange takes place onlyfor the sake of superfluity, for luxury consumption." (ibid.) The correct characterisation of the 'Metropolitan' intervention in Peruvian society is important, as is an accurate assessment of the nature of the mode of production which precedes it;

"Commerce.....has a more or less dissolving influence everywhere on the producing organisations which it finds to hand.....what new mode of production will replace the old does not depend on commerce, but on the character of the old mode of production itself."

(Marx, 1972, Vol III, pp 331-332).

This quotation accurately identifies the increasing complexity of our task; not only must we attempt a global periodisation of the insertion of Peru into the world system, but also an accurate assessment of the elements within the structure of pre-Conquest, colonial, and post-Independence Peru which might either have led to, or alternatively were inimical to capitalist development. The paradoxical nature of mercantile capital plays a crucial role here. Kay points out that "it corroded the feudal order, but in the last analysis was always

dependent on it.....it was revolutionary and conservative at the same time." (1975, p. 97.)¹ This character imprinted itself deeply on Peruvian development, in particular on the specific nature of the town/country dichotomy (more accurately portrayed as a trichotomy, perhaps; town/hacienda/sierra, in Peru's case) in colonial Latin America. Morse (1971) points to the centrifugal character of the Latin American town as opposed to the centripetal European town; this development finds its origins primarily in the mercantilist external orientation of the Empire. To a degree, this tendency was accentuated by independence, and the closer articulation of the continent into the world economy (Roberts, 1978, pp 44-45).

However, we must be careful in our delineation of the relationships between the external influences of trade, and the internal systems of production. In examining the aetiology of under-development, it is not enough to simply divide the subject matter into 'endogenous' and 'exogenous' factors, as Roxborough exhorts us to, even though this may take us a few steps beyond some previous dependency theorists. The problem arises of our unit of analysis (and Roxborough explicitly refers to this problem, 1979, p. 49), in that the 'nation-state' in Latin America is not the coherent entity that the title implies, but contains a bourgeoisie whose referent is partially exogenous and partially endogenous (and whose internal alliances are with a pre-capitalist oligarchy in the Peruvian instance). Consequently, the production and market systems in which they are involved occupy a category which can be accurately categorised neither as exogenous nor endogenous; the whole process is further complicated by historical progression. For example, the export-oriented haciendas of the sierra were indirectly linked to

¹cf Bartra's analysis of the ambivalent effect of capitalism on the peasantry in Mexico (1981).

the 'world system', but obviously had a reciprocal relationship of effectivity with local factors. Do we therefore characterise them as specifically endogenous or exogenous? Roxborough is clear that the answer must be rooted in historical analysis;

"There is no easy resolution of the question of the unit of analysis, if only because the real world is neither a perfectly functioning system, nor a loose collection of autonomously functioning national societies. The boundaries are drawn, it may be suggested, by the historical formation of social classes." (1979, p.52).

Whilst pointing to a way out of our 'unit-of-analysis' dilemma, this raises further problems. Firstly, how are we to accurately identify our social class categories? The precise difficulty with a Marxist analysis of class in Latin America is the identification of class consciousness; the group most commonly identified as 'bourgeois' in Republican Peru prior to the Pacific War, is not identifiable by any hegemonic class project as such, but is more concerned with consumption-oriented enterprises (Mariátegui, 1976, p.26). At this point we can perceive the importance of over-determination from previous modes of production. In his analysis of elite formation in 17th Century Peru, (1978) Fred Bronner emphasises the importance of conspicuous consumption as a means of establishing status in the criollo hierarchy, and the ludicrous extent to which the imitation of peninsular life was taken. According to Minister Novoa, this characteristic persisted two centuries later;

"Notase como un caracter muy marcado del comercio entre nosotros, la venta abundante de articulos de lujo; y hay espíritus a quienes esto sobresalta. Semejante hecho, mas grande en la apariencia que en la realidad, tiene explicacion muy sencilla. En la capital, que encierra credito numero de familias acomodadas, se contrerán y lucen con todo su brillo

esos objetos fascinadores; pero saliendo de Lima los articulos que marchan por nuestros caminos con dirreccion a todos los demas puntos de la Republica son, en sus nueve decimas partes, de primera necesidad." (1861).

This variety of consciousness, apparently genuinely feudal in its orientation, is evidently derived from a feudal colonisation, and simultaneously, represents a barrier to capital accumulation; that small surplus which is not realised outside Peru, is spent almost entirely on consumption, and the resulting struggles are not class struggles as such, but intra-class struggles over 'booty'.

A conscientious analysis of 'under-development' must attempt to determine the extent to which this sort of behaviour is a self-reinforcing function of its feudal origins, or a function of the continued external orientation of the economy, encouraging an emphasis on 'comprador' activity. This would entail an examination of the historical development of class structure and consciousness, and of the extent to which these factors were articulated, both inwardly and outwardly.

This example is offered, not as a definitive treatment of this form of consciousness, or to claim a particularly great importance for the theoretical point, but as an illustration of method. Cutler and his colleagues (1977, *passim*) emphasise the complexity of the interlocking categories required in Marxist analysis, in the course of challenging;

"..not merely the economic monist causality of Marxism, but the very pertinence of all such general categories of causality and the privilege they accord to certain orders of causes as against others." (op. cit., p. 128).

In this, they are in fact only following Marx himself, since in the

detailed discussion of method engaged in towards the end of the Introduction to the Grundrisse (1973, pp 100f), Marx insists on the rooting of economic categories in the complex specificity of their historical occurrence and inter-relations with other categories (cf particularly his discussion of 'population');

"This example of labour shows strikingly how even the most abstract categories, despite their validity- precisely because of their abstractness-for all epochs, are nevertheless, in the specific character of this abstraction, themselves likewise a product of historic relations, and possess their full validity only for and within these relations." (1973, p. 105).

Following this method, this thesis will seek to avoid either excessive quantities of amorphous empirical investigation, or introverted and unreferenced theoretical discussion. To facilitate the analysis, I will begin by examining the matrix of theoretical categories most relevant to a Marxist discussion of the subject matter. It should be stressed immediately that I do not intend, nor could I hope to provide illuminating discussion or first-hand material for all the categories in the matrix (this would be following Marx in ambition rather than method). Nevertheless, this clarification is essential initially, so that the context of subsequent usages of the categories will be clear. Additionally, as indicated above, these categories can not be considered exclusive or exhaustive; delineating them will often require the use of what orthodox social science would refer to as 'second (or middle-) order categories'. This is unavoidable, as a brief perusal of either of Anderson's works of synthesis demonstrates (1978, 1979).

The remainder of this section will be devoted to a more detailed discussion of this theoretical framework, anticipating the contextual and historical discussion which will make up the initial chapters of the second section.

Figure 1. Analytical scheme.

Nature of linkage between social formations Analytical categories in social formations	Articulation as linkage of separates	Articulation as transformation	Articulation as restriction.
Mode of Production			
Nature of Surplus			
Class Forms			
Institutional Forms (State and Church)			
Class and Racial Consciousness			

This matrix is constructed around two axes. The vertical axis is concerned with the categories customarily employed in the examination of social formations. There is, of course, a considerable debate about the relationship which these categories bear towards each other, centring around the notion of economic determination 'in the last instance', and the relegation of some of the categories, such as racial or class consciousness, to an epiphenomenal status, in Marxist often more than bourgeois social science. I will examine some of these debates below (Ch. 2). As they stand, however, these categories are problematic. They represent Althusser's synchronic notion of Marxism, which in attempting to do away with historical time, renders itself peculiarly inefficacious when attempting an analysis of subject matter such as nineteenth century Peruvian history, which epitomises

to a great extent the confused change and compromise of history. Some conceptualisation which allows for a historical review of the developing relationships between different social formations, with different antecedents, is required, and it is to this that I now wish to turn.

C. Articulation.

The horizontal axis of the matrix is headed 'Nature of Linkage'. Most commentators on the relationship between the nation-states of Europe and the rest of the world have been concerned with some precise delineation of the form and content of this relationship. The most recent argument for this is 'articulation', and the lexical apparatus that goes with the term; it is, however used in a confusing variety of contexts, and so we must be clear of the range of ways in which it can be used.

Some schemas assume a set of separate units, which are given their identity largely through their exploited or exploitative relationship with another unit. This analysis has little room for the subtleties of class structure;

"These metropolis-satellite relations are not limited to the imperial or international level but penetrate and structure the very economic, political and social life of Latin American colonies and countries. Just as the colonial and national capital and its export sector become the satellite of the Iberian (and later of other) metropolises of the world economic system, this satellite immediately becomes a colonial and then a national metropolis with respect to the productive sectors and population of the interior. Furthermore, the provincial capitals, which thus are

themselves satellites of the national metropolis - and through the latter of the world metropolis - are in turn provincial centres around which their own local satellites orbit." (Frank, 1969; p.6).

There seems to be some confusion here, as though a geographer had suddenly discovered the idea of exchange relations. The units of analysis are mixed, since in describing the continuity of exploitation, Frank is using the geographical ideas of 'nation-states', regions and provinces, which have bilateral economic relations with each other. As Brewer points out, he is conflating very different kinds of relations on the basis of very superficial similarities (1980, p. 171). Above all, the image provided by Frank is of an almost infinitely fissiparous hierarchy, in which it is difficult to perceive any substantial identities of class interest. Ultimately, this notion of linkage is little more useful than the old adage concerning big fleas and little fleas, though it is possible to perceive Frank's intention of identifying the ambivalence of class interests in a world economic system, and this is a theme to which I will return later. A whole area of social and juridical relations is absent from this conception however.

Frank's categories can not be considered adequate to characterise systems of production in a differentiated sense; this is to a degree entirely in keeping with his overall perspective, with its emphasis on Capitalism as a world system fairly uniform in its effects (and of far greater antiquity than most commentators would assume). This position was adopted in explicit counterpoint to the dualism of the contemporary prevailing orthodoxy in the sociology of development, with its Parsonian overtones. Recently, however, dualism has emerged in a rather more respectable guise.

This dualism normally takes the form of positing two distinct types,

spheres, systems or modes of production, the existence of one of which is largely predicated upon the other. For Geertz and McGee, this conceptualisation is described as the 'bazaar economy' (Geertz, 1963, pp 90-103; McGee, 1971), and represents again more of a geographer's framing of the problem, based largely as it is on the urban/rural dichotomy. However, the fact that McGee extends the concept to include the systems of production implied by bazaar and 'firm' economies' foreshadows the work on 'articulation' by the French economic anthropologists. The crucial differentiation between the two 'economies' is the ratio between constant and variable capital; in the 'bazaar economy' production is predominantly labour-intensive. Since a mingling of the two sectors in terms of production relations would affect the character of the 'bazaar economy', the link is effected through market relations.

A considerable amount of work has recently been carried out within the Marxist tradition identifying the way in which Capitalism uses pre-capitalist relations of production to reduce the costs inherent in the reproduction of labour power (cf Dandler et al., 1976, on the agrarian sector in Latin America, and Meillasoux on Africa, 1977). In many instances, this does not simply rely on the mechanism of exchange relations, but actually employs extra-economic coercion. Marx described the options for historical development arising from external conquest of one social formation by another with a different dominant mode of production;

"In all cases of conquest, three things are possible. The conquering people subjugates the conquered under its own mode of production (eg the English in Ireland in this century, and partly in India; or it leaves the old mode intact and contents itself with a tribute (eg Turks and Romans); or a reciprocal interaction takes place whereby something new, a synthesis, arises (the

Germanic Conquests, in part)." (1973, p 97).

Although this delineation from the Grundrisse is criticised by Taylor for being (apparently simultaneously) Feuerbachian and Hegelian (1979, p. 154), it does not differ substantially from his own conclusions, defining 'Third World' formations, as he does, as transitional. Hence for Taylor, the notion of articulation transcends the idea of a functional linkage, which is the danger inherent in taking a synchronic view of modes of production, and becomes an active historical process of transformation. Similarly, for Rey, the end point of 'articulation' is the genesis of capitalism. Foster-Carter characterises his argument;

"Whereas feudalism acts as an integument, a cocoon for embryonic capitalism, other pre-capitalist modes of production are fiercely resistant to it; so much so that the resistance invariably for Rey must be broken in the first instance by violence." (1978, p 58.)

Where Rey parts company from Taylor and others (like Bradby) is in his insistence on what Foster-Carter describes as the 'homefidence' (having the same effect) of Capitalism, which places him firmly in the 'progressivist' camp. Taylor's conception of articulation, on the other hand, eschews simple evolutionism, and identifies as crucial variables the structure of the internal relations between the different factors in social formations (eg between forces of production, relations of production and the ideological determinants which accompany them), and the historical stage at which these formations intersect (Yepes adopts a similar approach to Peruvian history with his concept of 'scission', 1974). Bradby, crucially, points to the different requirements of capitalism from undeveloped economies at the different stages of its historical development (1975).

The position we have reached with Bradby and Taylor seems the most useful conception of articulation. It can be deceptively easy to spot

a 'non-capitalist' or 'pre-capitalist' form of production, exchange, labour relations and so on, and confuse the historical origin of these categories with their persistence in a mediated form. Similarly, it can be tempting to identify as nascent capitalist forms instances which are nothing of the sort. Marx pointed to this danger;

"Bourgeois society is the most developed and the most complex historic organisation of production. The categories which express its relations, the comprehension of its structure, thereby also allows insights into the structures and relations of production of all the vanished social formations out of whose ruins and elements it built itself up..... But not at all in the manner of those economists who smudge over all the historical differences and see bourgeois relations in all forms of society." (1970, p. 105).

This should be borne in mind when we address the arguments of Bollinger and Weaver on the class composition of Peru in the nineteenth century.

However, some important questions are still begged. The length of the transformation period may be seen as more crucial than the idea of articulation as transformation itself. For example, certain quasi-institutional or institutional relationships take on a particularly durable form. In Peru, the issue of racial divisions and consciousness may be seen as a particularly important instance both in the internal structure of the social formation, and its relationships with Europe. Taylor points to more generalised factors hindering the penetration by Capitalism of the agrarian sector of Latin America (1979, p. 222).

This then poses considerable problems for any conception of a 'mode of production', and has led to some attempting to fashion a 'colonial mode of production' (Alavi, 1975). I shall approach this problem in two ways; by a more detailed discussion of the concept of 'mode of production' and the other elements of social formations in the following chapter.

I will then attempt to delineate the succession of social formations existing in Peru (Inca m/p, Colonial/Mercantile s/f , neo-colonial export) so that the theoretical basis for understanding the 'laws of motion' of each are as clear as possible. In the empirical section, the inter-relationship of the differentiated social formations will demonstrate the inefficacy of expecting pure laws of motion to operate for any of these forms, given the limitations which are to a degree inherent in their co-existence.

Because the concept of articulation has such a bearing on our earlier discussion of historical time, I make no apology for introducing the matrix with it. However, we need to, at least briefly, examine the way in which Marxist theory has conceived of the objects to be articulated, social formations, and these will be the subject of the next chapter.

A. Introduction.

Many modern Marxists are dismissive of attempts to construct a basis for a modern theory of Imperialism or uneven development, or even the articulation of modes of production, on the basis of Marx's writings.

"The fallacy consists in extracting the different concepts that Marx used in analysing non-capitalist formations at different periods of his work without adequately situating them in his discourse. Such an approach necessarily avoids the crucial problem of the theoretical adequacy of these concepts in analysing particular non-capitalist formations."

(Taylor, 1979, p.152, his emphasis).

Brewer (1980, p 51ff) agrees that Marx's writings on colonialism are slight, and produced under circumstances which damage their theoretical credibility. Although I would agree that the main source of inspiration should be the groundwork of Marx's method, both his writings on colonialism and pre-capitalist modes of production are worth a review. This chapter will largely be concerned with the categories used by Marx and Engels to identify historical transformations, but I will begin with a brief exegesis of his direct writings on colonialism.

The only time that 'Imperialism' appears (in translation) in Marx's writing is in the analysis of its ideological function, in, specifically, the Empire of Napoleon III;

"Imperialism is, at the same time, the most prostitute and ultimate form of the state power which nascent middle class society had commenced to elaborate as a means of its own emancipation from feudalism, and which full grown bourgeois society had

finally transformed into a means for the enslavement of Labour by Capital." (in Feuer, 1959, p 404).

This particular analysis of expansionist and adventurist exercises as a means of consolidating the political structure for class control is in fact of particular use when we come to examine the problematic category of 'Nation-state', and its theoretical relationship to the specific Marxist categories of social formation and mode of production. However, it is evident that Marx's concern here is not with this phenomenon as a generalised function or stage of capitalist development, but rather with the historical specificity of one social formation.

It is in his writings on India and Ireland that some of the dilemmas and potential contradictions emerge. The work on India was in the form of pieces for the New York Herald Tribune, and suffers both from the constraints endemic to journalism, and, according to Anderson (1979, pp 488-89) to a considerable degree of ignorance about India. Other writings in correspondence are fragmentary, and concentrate on tactical issues. It is startling, however, to see contemporary debates and concerns emerge from these pages. Most commentators have perceived the main tension to exist around the issue of the impact of emergent capitalism on the internal development of other formations. His writings on India give a pedigree to analyses which perceive the impact of Capitalism as being ultimately and inevitably progressive (eg Rey and Warren). The contiguity of Capitalism and the 'Asiatic Mode of Production' in the form of the British penetration of India and Far Eastern markets was for him revolutionary. Firstly, he thought that the bourgeoisie of the colonial power would perceive the development of the colonies as ultimately in their interest;

"Once transformed" (from mercantile capitalism)

"European capitalism acquires an interest in actually developing its colonies" (Marx and Engels, 1968, pp 83-87)

A great deal of this interest would naturally lie in the direction of the development of new markets. This aspect of the analysis raises an important theoretical point; how much weight do we give to the 'drive' out towards new markets in Marx's theory? In a detailed discussion of Marx's writings on India, Brewer identifies the relationship between the 'East Indies' and the British cotton industry as a highly specific historic instance of the effect of uneven development, on the basis of which general statements about Capitalism's need for markets should not be erected (1980). It is, however clear that Marx understood that where markets had been uncovered, they would be ruthlessly exploited (op cit., pp 42-56), and indeed the logic of direct state intervention in India was the need to break down a stubbornly resilient textile sector, based on a profoundly conservative mode of production. The resulting human misery was a major object of Marx's commentary on the development of machinery in Capital, where the weavers of India provided a major example (Marx, 1974, p. 406).

However, Brewer is right to identify Marx's treatment of Capitalism in India with his general treatment of it as a revolutionary force of ultimate benefit. He concentrated attention on the fact that the technology of the transport network installed by the colonial power would inevitably generate industrial capitalism;

"You cannot maintain a net of railways over an immense country without introducing all those industrial processes necessary to meet the immediate and current wants of railway locomotion, and out of which there must grow the application of machinery to those branches of industry not immediately connected with railways. The railway system will therefore become, in India, truly the forerunner of modern industry." (1969, p.128).

The actual process of colonial rule also provided benefits, both in terms of the social relations which changed alongside land tenure, and

the 'benefits' provided by British intervention at the 'super-structural' level; 'political unity', the backbone of a national government, and a new class "imbued with European science" (1969, p. 133), all of which would prove invaluable in the self-emancipation necessary for the indigenous population to reap the benefits of this transformation.

Was Marx unambiguous in this view of capitalism? In their writings on Ireland, Marx and Engels attribute Ireland's lack of development to the determination of England, as the colonial power, to maintain Ireland as purely agricultural in character (1971, pp. 130-132); directly, Ireland's failure to develop from a position of primitive accumulation appears to have partly resulted from the absence of protective tariffs. Hence it is evident that they could conceive of instances where rivalry could inhibit the development of countries under the direct or indirect control of capitalist powers. Brewer explains the difference in the analyses in terms of the different modes of production that characterised Ireland and India, (1980, pp 59-60), but in some of his writing on Carey's view of free trade, Marx gives a hint that the interests of England might not always be best served by the development of rival embryonic capitalist forms (cf, Capital I, 1974 pp 700-1, Grundrisse, 1973, pp 883-885). If Ireland could be "stunted in its development by the English invasion and thrown centuries back.....by constant oppression" and the Irish be "artificially converted into an utterly impoverished nation" (Marx & Engels, 1968, p. 319), why should England's relations with any other contiguous power be more productive? There are two answers to this question; firstly there is the question of time-scale, which Brewer uses to let Marx off the hook with regard to his predictions concerning India, and secondly, there is the temptation to confuse Capitalism as a category with the status of England as a nation-state whose dominant mode of production was Capitalism. So whilst Capitalism

as an abstract form, over an indeterminate time-scale, may inevitably be progressive, as concretely exhibited in the rivalry of formations distorted by their state superstructures it may lead, in specific historical circumstances, to the opposite of progress.¹ Hobsbawm finds in some of Marx's last correspondence, with Zasulich, evidence that he was disenchanted with what we shall describe as the 'progressivist' stance (in Marx, 1964).

In spite of Taylor's strictures, it is evident that, although a fully delineated theory to explain the interaction of Capitalism and other social formations in the world system is absent from Marx's work, most of the concerns which have been developed by other writers are there in a recognisable form.

It is towards a detailed consideration of the relevance of Marx's thoroughly elaborated theory that we must turn now, however. The significant areas for 'underdevelopment theory' have been seen as firstly, the theories associated with historical transformations, and the analytical method associated with them, and secondly the implications of the theory of expanded reproduction.

The main tension in Marx's historical writings is between the precise rigour applied to the categories used in producing a schema of capitalist production, and the way in which, in concrete historical analysis, the ambiguity of these categories was admitted in such a way as to undertake the application of them to 'real' situations. The most complete example is the section of Feuerbach in The German Ideology, with its suggestive references to world-historical time (1970, p.58),

1. cf Ziemann & Lanzendorfer's concept of 'relatively stagnating expanded reproduction' (1977), discussed further below.

but much of Marx's historical writing in Capital shares the same creative flexibility. However, this does leave some major problems, not merely with the hermeneutics of Capital, but also with its epistemology, and these are most aptly demonstrated by the problem of modes of production and social formation.

B. Mode of production or social formation? - Problems of class.

A convenient starting point for an analysis of the use of these concepts is Brewer's gloss of Althusser and Balibar's treatment in Reading Capital;

"They insist that a mode of production (capitalism, feudalism etc.) is an abstract, timeless concept. It would be wrong to look for a real example, to assert, say, that England in 1850 was a capitalist mode of production. A mode of production is defined by a particular, exactly specified, relation connecting two classes (in the case of class, as opposed to classless, modes); it must be defined and analysed in the most precise and rigorous fashion. A social formation is also a conceptual construction, but of a more concrete kind; a real society can be thought of as a social formation." (1980, p. 184).

Brewer chooses to side-step what he describes as the 'tricky philosophical issues' involved in this formulation, and subsequently in his discussion of the 'modes of production controversy' tends to dismiss them as 'about the use of words and no more' and 'as such...of little interest' (op.cit., p. 273). There are two reasons for avoiding this cavalier dismissal of the debate, which are directly relevant to the concerns of this thesis. Firstly, the theoretical differences (and they are theoretical rather than semantic) have implications for the trajectories of societies. Secondly, some of the problems raised are sufficiently difficult to threaten the usefulness of an historical analysis, unless

the usage of the terms is initially described.

An Althusserian definition of the rigour indicated above provides immediate practical problems. How can a bilateral class system be a defining condition of a mode of production only in the context of class-based modes? This is to circumscribe the character of the concept to a degree that it becomes tautologous, and ultimately useless; it is also to lean too heavily on Volume I of Capital at the expense of the planned work on 'many capitals'. Whilst we may not expect to find our mode of production precisely mirrored in history, we do at least expect it to be recognisable. We have already cited Marx above in opposition to this idealist position, but the most succinct criticism may be found in Anti-Duhring;

"The principles are not the starting point of the investigation, but its final result; they are not applied to nature and human history, but abstracted from them; it is not nature and the realm of humanity which conform to these principles, but the principles are only valid in so far as they are in conformity with nature and history. That is the only materialist conception of the question, and Herr Duhring's contrary conception is idealistic, makes things stand completely on their heads, and fashions the real world out of the Idea" (or Mode of Production?) "out of schemata, schemes or categories existing somewhere prior to the world, from an eternity, just like - a Hegel." (1976, p.43.)

Godelier identifies with this outline, though modernising the language to describe modes as "working hypotheses linked to a state of knowledge and reality, simultaneously the point of arrival of theoretical reflection and the point of departure for a further deciphering of the infinite variety of concrete history" (Seddon, 1978, p. 218), and perceives seven different forms of ownership of land described by Marx in the Grundrisse, some of which, like the 'slave mode' and the 'Germanic mode' are highly geographically and historically specific.

Several of these categories present difficulties for the Althusserian analyst. For example, the Asiatic mode, with its hefty state apparatus, allows for four 'classes' ;peasants, artisans, aristocracy and 'state officials', and the later stages of the 'Ancient Mode' allow for a confusing proliferation of groups standing in a qualitatively different relation to the means of production (cf Godelier in Seddon, 1978, pp 223-229). If the reply to this is that Marx progressed from this conception to a two-class analysis between the Grundrisse and Capital, we have only to examine the third volume of Capital, and Marx's commentary on classes in capitalist society;

"The owners merely of labour-power, owners of capital, and land-owners, whose respective sources of income are wages, profit and ground-rent, in other words, wage-labourers, capitalists and land-owners, constitute then three big classes of modern society based upon the capitalist mode of production." (1972, Vol. III p.885 my emphasis).

Giddens points out that Marx's work persistently fails to clarify the concept of class, stating that the determinant factor must be the position in the production process, without working through all the implications of this point (1971, p. 37). The emphasis on conflict as a defining factor, to be found in much of his work, is not much more help, even when read off in conjunction with an analysis based on production relations, since it is not clear what are the defining elements of class conflict; hence much of the confusion as to how to characterise conflict which appears to be based on race or ethnicity (see my chapter on the Pacific War and its social conflicts, below).

The implications of this lack of clarity are quite serious. If we are to take this 'two-class' imperative seriously in identifying modes of production, then our analysis of the 'laws of motion'

of different modes of production will be ludicrously hampered. Smith (1979) has indicated, in the context of rural Peru, the analytical problems encountered when differentiated groups of petty-commodity producers are all subsumed under the heading of 'peasantry'. This theoretical elision implies a parallel with European feudalism and its subsequent development which is quite simply inappropriate.

Similarly, to assume the existence of capitalism from the existence of the form of wage labour is mistaken. Marx specifically saw the expropriation of the labour of direct producers by merchants' capital as a crucial obstacle;

"to the real capitalist mode of production.....
without revolutionising the mode of production, it only worsens the conditions of the direct producers, turns them into mere wage workers and proletarians under conditions worse than those under the immediate control of Capital, and appropriates their surplus labour on the basis of the old mode of production." (Capital, III, 1972, pp 334-335)

Banaji pursues this to a further stage by demonstrating that feudalism was always supported by a variety of forms of labour (1977, p.30). The converse of this point is that apparently pre-capitalist forms of production, when closely linked to capitalist production processes, are given a content which belies their appearances;

"Finally, subsistence production now figures, under this system, as the specific form of reproduction of labour-power within a capitalist process of production. It becomes misleading, therefore, to regard it as a specific, separate mode of production." (Banaji, op.cit., p.34).

This analysis has been reiterated, with empirical support, by Werlhof and Neuhoff (1982), who assert that the support of subsistence plots, and unpaid domestic labour, delayed the proletarianisation of agrarian production in Venezuela.

Unfortunately, we can not entirely find our way out of this maze of class and social relations by the simple use of the 'appearance/reality' device (appearance=subsistence production but reality=capitalist reproduction of the labour force). The crucial aspect is not by which analytical category various forms of social relationship are contained, but rather what is the dynamic of these social relations, and their implication for the trajectory of the society in which they exist? There are two dimensions to this problem. Firstly there is the element of the subtle gradation of historical change¹, which implies an analysis of process, and secondly there is the vexed question of consciousness, which is particularly relevant to a divided society such as Peru. Hence, while it may be possible to argue with Mariategui that;

"La cuestion indigena arranca de nuestra economia. Tiene sus raices en el regimen de propiedad de la tierra." (1976, p.35.)

However, the 'solution can not therefore be seen as necessarily lying solely in land reform. As I explain below in this chapter and in Chapter 10, the nature of inter-group hostility is determined partially by extra-economic factors, and partially by historic 'over-determined' social relationships. Class and race categories will not be coterminous in all instances, and this fact may affect the pattern of class alliances through which social change is effected.

The study of actual social structures reveals many such deficiencies in correspondence between the different levels of the Althusserian model of modes of production. For example;

"Any social formation may involve not only distinctive modes of production but the interpenetration of their levels - e.g. the partial reproduction by one mode's ideology, say, of another's particular social relations. If one thinks of such cases as Brazil, with its lasting

1. c.f Soiffer and Howe (1982), drawing on Rey (1977) in their analysis of the historical changes in the relationships between levels of 'the mode of production in Brazil.

'patrimonial heritage' from a non-capitalist background, this is obviously a suggestive concept." (Henfrey, 1981, p.40).

So, for example, whilst 'patron-client' relationships may often function as class relationships (Flynn, 1974), they do not do so in an unproblematic way; the mode of their functioning may be crucial to the direction taken by social movements, and the institutional arrangements set up over them.

If the analysis of class relationships is not a good guide to the identification of a mode of production, is there another component which might be more reliable? There is a hint in Banaji's work that the labour process is the determining variable, but this has been the subject of dire warnings;

"The most common error among Marxists is to confuse the study of the production process in society with that of the labour process, and to invent as many modes of production as there are labour processes. For this reason one cannot speak of agricultural, pastoral, cynegetic, or other 'modes of production'." (Godelier, 1977, p. 24.)

Henfrey takes Long to task for this very error (1981, p. 43).

Since 'labour processes' are probably even more numerous than 'class relationships', this is no help in enabling us to identify our theoretical 'mode of production' with anything recognisable.

There are a variety of offered solutions to this conundrum. Some structuralists simply accept the existence of variations, give them appropriate labels, and then juggle them like so many Parsonian pattern variables (Taylor). Some formulas provide a catch-all, which allows you to take into account or ignore historical specificities as you choose - Godelier advises us to look "far beyond the apparent, visible logic" and "look for and find the structural and historical circumstances of their"

(modes of production) " appearance, their reproduction and disappearance in history" (1977, p. 25). Similarly, Banaji describes them as 'objects of long duration', which have to be analysed on a particularly long time scale (op.cit.). This does not solve our analytical problem, however, since we are not to know whether some of the stranger hybrid arrangements are worth considering on this epochal scale until they have disappeared, and capitalism has finally 'modernised' the globe.

For many years, attempts were made to squash all variations into one of the appropriate boxes in the unilinear schema, an enterprise which has since the 50's been tainted by Stalinism. Since the early 1970's, attempts have been made to develop alternative models, and in this context, the concept of the 'Asiatic Mode' has been revived and subjected to considerable scrutiny. For Melotti, Marx was quite consistent in his adherence to the concept, and it is justifiable in terms of a thorough reading of Asiatic society; it therefore forms a part of his multilinear schema of human development (1977). The AMP has received severe criticism on the grounds of theoretical incoherence (Hindess and Hirst, 1975 and Anderson, 1979), and has even been resurrected under a pseudonym (the 'tribute mode' (Amin, 1976)).

This is not the appropriate place to reiterate these debates. The important fact is that this level of discussion indicates some considerable confusion about the ease with which societies can be analysed in terms of a rigid model composed of forces and relations of production and consisting of two opposed classes; I would tend to agree with Henfrey that this model can, in fact seriously impede class analysis (1981, p. 44). On the other hand, one must agree with Anderson that attempts to squash societies quite widely differentiated temporally and geographically into the 'Asiatic mode' are quite as inappropriate as to attempt to fit them

into the mould of European feudalism. In my own discussion of pre-Conquest Peru, the use of both the concept of the 'Asiatic Mode' and an analytic comparison with the particular nature of Spanish feudalism is instructive.

The confusion which has arisen out of the debate about the 'original transition' (Hilton, 1973, Wallerstein, 1979, Brenner, 1977) is greatly compounded by the debate over how to view colonial and ex-colonial societies. As I noted in the previous chapter, the two courses taken in conceiving the relationship between fully developed capitalist 'nations' and other social formations (ignoring Frank and Wallerstein and their premature capitalism), are to conceive of the relationship as an articulation of two distinct modes of production (and we have already discussed some of the drawbacks of this idea), or to invent a new hybrid 'colonial mode' (Alavi, 1975), the problems of which have been fully discussed (Foster-Carter, 1978, Banaji, 1977, Brewer, 1980, pp 261-273). Whilst Brewer is right to point to the fact that this 'colonial mode' shares none of the theoretical features by which we attempt to identify modes of production, he is forced to admit that the problem posed by the social formations resulting from colonial rule can not be accommodated within a traditional progressive framework, or only with great difficulty.

Two other useful conceptualisations are, respectively, Ziemann and Landendorfer's notion of a 'relatively stagnating transition to capitalism'; which I discuss in my section on the State, below, and Cueva's delineation of the particularity of Latin America's development, with a differentiated expression of the general laws of capitalist development (1978). The former tends to focus attention on the internal dynamics of the social formations under study and has the inherent disadvantage of being an open definition - how long does the stagnation have to continue

before the formation can be considered in its own right? In the latter perspective, and in Yepes' notion of 'determined capitalism', (1974) we have a due acknowledgement of the importance played in the development of some formations by the expanding capitalist formations, without posing Frank's idealist alternative of 'autonomous development' (Henfrey, 1981, p. 44).

In the discussion that follows, I will generally employ 'mode of production' as an analytical category, which is particularly useful in examining the transformation from pre-Conquest to Colonial Peru. The more descriptive category of 'social formation' is mainly used subsequently, partly to sidestep some of the difficult debates which continue over the issues discussed above, which bear on the blurred boundaries of the relationships between nation states/modes of production.

C. Theories of Imperialism and Dependency - the impact of expanded Reproduction.

At the beginning of the Twentieth Century, a substantial body of Marxist economic theory was produced to account for the absence of a fundamental crisis in the advanced capitalist nations. This work sought an explanation for the continued dynamism of capitalism in colonialism and capital export. The theorists also wished to distinguish between pre-capitalist expansion and national oppression. Inevitably, these theories were Eurocentric in their approach, and concerned with the causality of imperialism, and as a result, suffered from a lack of detailed analysis of the relations between 'metropolitan' and 'peripheral' states and economies. Furthermore, there tends to be an inconsistency of focus; at times the concern is with colonialised nations, at others, 'Imperialism' is used in the widest sense, encompassing all bellicose attempts to obtain abnormal profit abroad, by whatever

means. However, the 'classical' theorists are highly relevant to this study, since they were concerned to analyse the moment of contact between capitalism and the rest of the world.

Hobson's bourgeois liberal pacifist critique of Imperialism was largely concerned with Britain's great formal Empire. He identified financial imperialism as a distinct entity;

"The new imperialism differs from the older, first in substituting for the ambition of a single growing empire the theory and practice of competing empires, each motivated by similar lusts of political aggrandisement and commercial gain; secondly in the dominance of financial or investing over mercantile interests." (1902).

Yet he identifies financial imperialism almost exclusively with protectionism - "Imperialism repudiates free trade and rests upon an economic basis of protection. Just in so far as an Imperialist is logical does he become an open and avowed protectionist." (1938, p.67.)

He was, moreover, concerned largely to pursue his under-consumptionist thesis in the context of formal conquest and control. Colonial imperialism was seen as a necessary if undesirable corollary to the export of capital; he accepted that private capital investment might lead to forceful military intervention, but his limited theoretical framework could not encompass areas in which Britain had considerable financial interest, but into whose affairs no heavy-handed intervention was made.

The 'problem' of under-consumption had quite a respectable pedigree by the time that Hobson wrote. As early as 1869 'The Times' was beginning to express concern at the destination of excess profits;

"The annual profits of our ordinary trade, coupled with the dividends from existing foreign loans and enterprises, represent a sum of many millions for which an outlet must be found. If it were sought to invest these in consuls or railway stocks no results would be obtained, since the people for whom the purchases were made would be equally at a loss what to do with their money. The only legitimate means of disposing of it must be by lending it to foreign nations or by undertaking great works at home which will stimulate the importation of foreign material or produce." (30th November 1869)

Hilferding examined the way in which new financial institutions were developed in Germany and the United States, which facilitated the development of finance capital and by thus lowering interest rates, led to the increasing export of capital. Where these institutions had not been developed, he noted that capital export was likely to take the form of portfolio investment, rather than direct investment in productive industry. This export of capital rather than goods was interpreted by Hilferding as a response to the predominance of protectionism in the late nineteenth century, and as a major means of the development of world capitalism, since the export of capital creates a subsequent demand for capital goods. In considering the relationship between Peru and Great Britain in the late nineteenth Century, we will obviously be concerned with portfolio investment - the consolidation of capital investment in Peru did not take place until after the Pacific War.

Lenin stressed the formality of control in his theoretical framework.

He summarised the process of imperialism as follows;

- "1. The concentration of production and capital had developed to such a high stage that it has created monopolies which play a decisive role in economic life.
2. The merging of bank capital with industrial capital and the creation on the basis of this 'finance capital'

of a financial oligarchy.

3. The export of capital as distinguished from the the export of commodities acquires exceptional importance.
4. The formation of international monopolist capitalist associations which share the world amongst themselves.
5. The territorial division of the whole world amongst the *biggest powers is completed.*" (Selected Works, 1967, pp 745-746).

Obviously, such a rigid characterisation of monopoly capitalism was likely to have been inaccurate, and as many writers have pointed out, the rate of cartelisation of industry proceeded far more slowly in some countries, notably Britain (Landes, 1969, pp 245-247), than in others; additionally, capital was exported in large quantities before the 'age of Imperialism', and the bulk of this capital export went not to the 'black colonies' but to independent states or the European colonies. Despite these valid criticisms, Lenin's characterisation of the epoch in which Britain lost its industrial supremacy as a new stage of capitalism, and his exposition of its predominant elements remains useful as a framework from which to view the 1870's onwards.

One particularly interesting aspect of this epoch, identified by Lenin (and by Bukharin) is the 'transitional form of state dependence', where countries;

".....which politically, are formally independent, but in fact, are enmeshed in the net of financial and diplomatic dependence, are typical of this epoch. We have already referred to one form of dependence - the semi-colony. An example of another is provided by Argentina.

'South America, and especially Argentina,' writes Schulze-Gaevernitz in his work on British Imperialism, 'is so dependent financially on London that it ought to be described as almost a British commercial colony' it is not difficult to imagine what strong connections British finance capital (and its faithful

'friend' diplomacy) thereby acquires with the Argentine bourgeoisie, with the circles that control the whole of that country's economic and political life." (Selected Works, 1967, Vol. I, pp 742-743).

Thus Lenin expands the definition of Imperialism beyond that of a stage in capitalism, and a development in the relationship between nation states, to encompass class relationships, and their ambiguities, both within a state, and across national boundaries. In this, he was undoubtedly influenced by the work of Bukharin, with its conception of the 'world economy' and the international division of labour (1972a). It is this formulation which renders the tilting at the windmill of formal control by Platt and his acolytes so misleading. After the adoption of free trade (q.v. Ch. 7), direct intervention or formal control was, on the whole, unnecessary, due in part to the largely mutually beneficial alliance between the Peruvian export elite and British mercantile capital, a class relationship which expressed the differing levels of productive relations within the two states (q.v. Ch.11). However, via this alliance and effective British control of Peruvian commercial activities, British capital was able to effect a substantial transfer of value from both the Peruvian capitalist and non-capitalist sectors, thus retarding capital accumulation, whilst also reinforcing the quasi-feudal elite and aspects of the 'pre-capitalist' economy.

There are a number of differences, of opinion and emphasis, between Lenin and Bukharin, which are worth noticing. Whereas both Bukharin and Hilferding indicate that capital export will be devoted to the development of extractive industries, whose products would return to the capital exporters, Lenin appeared to envisage a displacement of commodity production towards areas where labour costs were lower.

Possibly Bukharin's most distinctive contribution to the theory of Imperialism was his treatment of the State (a fact first identified by Lelio Basso, 1972), and his concept of the simultaneous nationalisation and internationalisation of capital. Inevitably, he produced a somewhat over-simplified picture (viz. the 'town and country' metaphor for the international division of labour, Imperialism and the World Economy, pp. 20-22), and it is his simplified schema which appears as the intellectual ancestor of Andre Gunder Frank. He also tended to overestimate the unity of the capitalist nations, and the degree of control exercised over the state apparatus. Thus, while the following extract provides a striking vision which has produced many imitations, it is barely applicable to Peru at the time of the Pacific War;

".....world capitalism, the world system of production, assumes in our times the following aspect: a few consolidated, organised economic bodies ('the great civilised powers') on the one hand, and a periphery of underdeveloped countries with a semi agrarian or agrarian system on the other." (Imperialism and the World Economy, 1972a p. 74)

The British state of the time was by no means as monolithic as this implies, though it was held together by a fairly coherent ideology, and was capable of interventionism in the affairs of independent countries on a fairly massive scale.

It was Luxemburg's treatment of this subject that Bukharin found most convincing, even though he undertook a very thorough demolition job on her theory that Imperialism could be understood in terms of a flaw in Marx's scheme of expanded reproduction; that capital could not realise its surplus value unless there existed a 'third party' (Bukharin, 1972b, Luxemburg, 1951, 1972). The main criticism levelled against Luxemburg was that of teleology (Bukharin, 1972b pp 163-4); Bukharin saw it as obvious that capital would seek out the factors of production

with the lowest cost, so there was no need to invent a mythical extra-national 'third party'. The actual motive force behind the expanded reproduction of capital is really beyond the scope of this thesis, but Luxemburg's analysis of the role that foreign loans played in the transfer of value is of interest;

"Though foreign loans are indispensable for the emancipation of the rising capitalist states, they are yet the surest ties by which the old imperialist states maintain their influence, exercise financial control, and exert pressure." (1951, p. 421).

The role of foreign loans in bolstering a neo-colonial tutelage had, in fact, already been appreciated by certain individuals in the 'peripheral' countries. In India in the 1880's the 'Hindu' observed;

"Where foreign capital has been sunk in a country, the administration of that country becomes at once a concern of the bondholders." (quoted in Chandra, 1973, p 27).

Luxemburg was clearest on this point in her analysis of the fate of Egypt;

"With the building of the Suez Canal, Egypt became caught up in the web of European capitalism, never again to get free of it." (1951, p.430).

Brewer points out that Luxemburg had an ambiguous attitude to the impact of foreign capital on what she described as 'natural economies'. On the one hand she recognised the way in which capitalism incorporates other forms of organisation into its world economy, and the fact that pre-capitalist forms traded in large surpluses; on the other hand, her theoretical framework is predicated on a view of the non-capitalist world as an inert object of capitalist modernisation (Brewer, 1980, pp 72-73). If there is one over-riding problem with the 'classical theorists' it is this; that their eurocentric view of the world is predicated upon an imminent crisis in the 'heartland' of capitalism

which never occurred in quite the way they imagined; hence their failure to envisage the durability of some of the pre-capitalist forms which capitalism was to encounter, and the capacity of capitalism to adapt them to its use.

Ironically, this tendency to underplay the internal dynamics of 'dependent' formations, is shared by dependency theory, and as Henfrey(1981) has pointed out, this has been a factor in the failure of theorists in this school to adequately analyse the class structure of the societies with which they deal. In fact, they are often more concerned to identify mythical alternative class structures in an 'alternative trajectory', in order to bolster their notion of dependent economies and societies (see for example Chilcote and Edelstein on Spain, 1974, pp34-35).

Nevertheless, the account offered by many dependency theorists of the historical development of the relationship between the countries of Latin America, and a succession of 'metropolitan' countries, Spain, England and the U.S., and the implications of this relationship for Latin America, has been of immense descriptive value, though as a number of critical accounts have indicated, their theoretical significance has been less easy to gauge. The wide range of theories which the term encompasses, ranging from its origins in the ECLA analysis after the last war, which was arguing from a basically nationalist viewpoint, to the contemporary debates between Marini and Cardoso and Faletto (for accounts of these, see Roxborough, 1979, pp27-70; Chilcote and Edelstein, 1974, pp 14-80; Henfrey, 1981) concern, on the whole, strategic issues which post-date the particular historical moment that I am dealing with. Consequently, I shall not devote so much detailed textual analysis to them as to Marx, the classical theorists and the issue of modes of production; I shall instead briefly pursue the main elements of their analysis which have an important bearing on Peru in the late nineteenth

century.

Firstly, it has been pointed out that dependency can be understood in two basic ways (Roxborough, 1979, p. 44), 'external dependency' (which is largely concerned with terms of trade, exploitation, transfer of value and unequal exchange), or " as a conditioning factor which alters the internal functioning and articulation of the elements of the dependent social formation" (ibid.), the latter perspective merging into our exploration of the 'articulation of modes of production' concept. The key weakness has been in the understanding of the structures by which this dependency/articulation may be understood. I would suggest that the area of class analysis, and its linkages to the form of the State, as understood in some Marxist theories, is the most fruitful, and this will be a predominant theme of the 'empirical' chapters of this thesis.

The recent debate over class analysis in dependent formations, between Marini (1973), and Cardoso (1973, 1977, Cardoso and Faletto, 1979) reiterates some of the concerns of the 'articulation' debate - with Marini tending to define dependent capitalism as a mode of production with its own 'laws' from which he tends to derive rather economic propositions about the social structure, and Cardoso, who stresses the historical specificity of dependent situations, structured by periodicity and the social relations of production. The theoretical problem with the first formulation is that the 'laws' (export orientation and mass transfer of value leading to limited internal markets, and the vesting of power in the landed oligarchy) are predicated on an assumption which is derived from Bukharin's theory of international specialisation, and which does not allow for any determination stemming from the internal structure and heritages of dependent formations. Cardoso and Faletto's

"structural history", with its differentiation of dependent formations on the basis of the locus of control of the export commodities, offers more scope for an analysis of fragmented classes, but tends to be uni-directional; enclave economies=inorganic ruling class=monoculture and therefore weak and unstable economies=caudillaje.¹ In fact, Peru in the nineteenth century, whilst according fairly closely to this scheme, also owed a great deal to its colonial heritage, and the resulting development and institutionalisation of racial categories. Henfrey points out that they also fail to distinguish between the types of capital involved (mercantile or industrial) in the same way that they identify their internal /external control framework. This discontinuity with the Marxist method renders their analysis fruitful for Weberian middle-order theories, but weaker in identifying the complexities of the relationship between the economic and the political. (For a detailed critique, see Henfrey, 1981, pp 28-30).

Chilcote and Edelstein's discussion of the 'cultural orientations' of Latin America (1974, pp 36-38), and the way in which they relate the perpetuation of what have been seen as feudal/hispanic orientations to the nature of economic demand from Europe is an example of a more complete form of analysis, but even here, some important questions are elided. Crucially, the question of the interference of racial categories with class analysis is under-played. That this is of more than merely epiphenomenal status is what I now wish to demonstrate.

1. For example, I cite below Cotler's comparison of Chile and Peru, which owes a great deal to this perspective, but also point out that this formulation omits some crucial factors (Cotler, 1979, see Chapter 7, below).

D. Internal differentiation - Problems of 'race' and 'ethnicity'.

The impact of differentiation resulting from self- or other-ascribed racial or ethnic categories in Latin America represents both a problem and a challenge for Marxist analysts. Much analysis apprehends class categories above all, in that they derive their existence from concrete relations of production exhibited materially and historically. It is correspondingly hostile to categories which appear to derive their existence outside the framework of social relations of production, since these categories would tend to undermine the significance of the sphere of production in determining the nature of social formations. Hence also the persistent rejection by Marxists of Weberian status categories, and the importance of fractionalisation of the proletariat according to cleavages based either on race or sex. Since all history is the history of class struggle, conceived of as a process of bilateral conflict, a stress on racial conflict, carrying as it does a hint of pluralism, must be countered by the assertion that it is simply an instance of 'false consciousness'. Consequently, the exploration of the issue of racism occupies little space in many of the standard texts on imperialism, and where it occurs, as in Roxborough (1979, p.49) appears in a distinctly functionalist guise;

"Regional differences, ethnic and linguistic cleavages, and the simple absence of any sense of nationhood among many of the rural inhabitants are one dimension of this lack of internal articulation." (My emphasis).

There appears to be some considerable confusion here as to the status to be accorded to the concept of nationhood; if there was a unified and self-conscious 'nation', then one would imagine that the issue of articulation of modes of production would hardly arise. It would be my contention that it can be precisely the process of internal differentiation which forms a crucial aspect of effective articulation;

the word 'articulation' does after all refer to the jointing of clearly distinct parts.

Some of the recent re-interpreters of 'Capital', have sought to produce a more sophisticated, and correspondingly less economic notion of 'culture' which can be used to enhance our appreciation of racial categories in Marxist analysis;

"Political and cultural forms are not determined in the last instance or otherwise, by the system of economic relations. Given that conception of social formation, is it possible to conceive of political and cultural practices as representing economic classes and their interests?" (Cutler et al., 1977, p. 232).

This question can be directed at the debate over the 'relative autonomy' of the State, and similarly, used to develop a theory of the 'relative autonomy' of racial and ethnic categories. The issue is complicated in Latin America by the fact that class and race categories often appear as coterminous; indeed, Piel states that the very concept of the 'Indian' was created by the ruling class of Peru to describe the objects of colonial racism, (1970, p108), and Galeano describes how many of the admired 'traditional' costumes have been imposed or borrowed from other cultures (1973, p.58). In this context, one can understand the Marxist's suspicion that 'ethnicity' is simply the class existence of the peasantry masquerading under another name.

This complex issue has a bearing on both the endogenous and exogenous elements of our framework. Firstly, I shall consider the impact of racial ideology on the relationship between Peru and the 'metropolitan' powers. Whilst racialist ideology has been seen as relevant to the colonial and imperial adventures of Europe in Asia, Africa and the Americas, in the latter case, attention has focussed on the Colonial era.

In part, this is the consequence of the direct correspondence generally assumed between racism and historical events which Rex has described as 'frontier situations' (1970 pp 36-37), where racism is seen as functional in some sense, either to the process of conquest and pillage, or to the subsequent formal institutions of subjection created by the conquerors;

" A frontier situation of this kind, of course, comes to an end when a conquered people are incorporated by another society. Rarely is it the case, however, that they are incorporated on terms of absolute equality. From the start there is a distinction far more fundamental than any class distinction between the conquerors and the conquered. And, if the conquered retain any visible sign such as their own distinctive physical characteristics or distinct cultural practices, there will be no possibility of mobility from one group to another." (Rex, 1970, p.36)

This is the cautious definition of a Weberian; early Marxists were far more forthright in their attribution. Hilferding was quite specific;

"(Finance Capital)..does not believe in the harmony of capitalist interests, but knows that the competitive struggle becomes more and more a political struggle. The ideal of peace fades, and the idea of humanity is replaced by the ideal of the grandeur and power of the state....The ideal is to ensure for one's own nation the domination of the world.....Founded in economic needs, it finds its justification in this remarkable reversal of national consciousness... Racial ideology is thus a rationalisation, disguised as science, of the ambitions of finance capital." (Hilferding, 1970, pp 452-4).

This assertion needs to be carefully examined; whilst it may be true that the emergence of certain racial ideologies and their

popularisation in the Nineteenth Century was useful in assisting colonial powers to justify their actions, racism may also be seen as having played an important role in affecting events where there was no direct colonial relationship; in this instance it is crucial to examine racism as a partly self-sustaining ideology.

(i) Peru and European Racism in the Nineteenth Century.

As early as 1923, professional anthropologists had begun to detect deep flaws in the epistemological origin of their 'discipline'. A.L.. Kroeber, then Professor at California identified the fault as originating, if not in Darwinism, then in evolutionism;

"It became common practice in social anthropology to 'explain' any part of human civilisation by arranging its several forms in an evolutionary sequence from lowest to highest and allowing each successive stage to flow spontaneously from the preceding - in other words without specific cause Whatever seemed most different from our customs was therefore reckoned as earliest, and other phenomena disposed wherever they would best contribute to the straight even-ness of the climb upward." (Kroeber, 1923, p. 8).

The 'science' of anthropology was thus a form of hermeneutic circle; 'commonsense' constructs (e.g. hierarchical orderings of the races of whom Europeans had knowledge) were elevated to scientific status, and 'evidence' was then collected to prove both the general shape, and some of the more bizarre details, of this theory.

Banton (1967) and Street (1975) examine the religious elements in racist anthropological writing which preceded Darwin. The most important element in this discourse was the debate between the 'polygenists', who believed that the various races distributed around the globe were separately created, and hence could not be mixed,

and the 'monogenists', whose thought appears to descend from the 'Great Chain of Being' biologists of the eighteenth century, believing in the common origin, and the mutability, of species. The 'discipline' of anthropology in the nineteenth Century largely consisted of the collection of evidence to support one or other of these propositions. Both could be seen as having equally racist implications, since the systems of classification on which the monogenists leant, those of Linnaeus, Blumenbach, Buffon and other biologists, laid great stress on the rigidity of the distinctions between races, and used physical measurement as a determining indicator of these distinctions. When added to Cuvier's theory that race determined culture (Banton, 1967, p 26), and viewed through the hierarchical prism of European ethnocentricity, this classificatory approach to groups with an admitted common origin was as racist in effect as polygenism.

It is hardly surprising that Latin America should be a particular object of interest in this discourse, since Brazil and the Andean States offered interesting comparisons and contrasts in the mixture of races. W. Bollaert, a prominent polygenist member of the Anthropological Society, the breakaway organisation from the Ethnological Society (inaugurated by a pro-slavery speech from its President, James Hunt), produced a series of articles on the 'New World' designed to prove the separate origin of races and the folly of miscegenation. He took great care to provide a detailed breakdown of the racial permutations extant in Peru, and then undertook a criminological analysis of the society based on this division (1865, pp 96-97). Pausing only to produce anecdotal 'evidence' of the widespread desire of Indians to be 'white', he then spoke of the "immense advantage of a country possessing a pure race" which could only be understood, "by those who have resided for a time in countries populated by mixed

breeds." (1865, pp 98-99) For Bollaert, 'purity' of race was an essential prerequisite for the achievement of civilisation, and a 'society of half-breeds' could not attain a comparable level, no matter how much it modelled itself on European institutions.¹ His view of the indigenous 'races' is evident from his assessment of Pre-Columbian civilisation;

(The people of the New World) " may appear to have arrived at the apex of civilisation at which their own organisation and intelligence permitted them to arrivenot a high standard, if compared to the powers of mind and body of the white man." (1863, p. 73.)

His major preoccupation was with the study of the population according to the degree of its 'mixed blood'; himself identifying twenty-three different varieties of 'half-caste', and recounting their supposed racial characteristics with some relish, he expressed irritation with Paz Soldan for failing to take much of an interest in this form of demographic analysis in his Geografia del Peru, and expressed the view that this omission would "please the soi-disant 'Hombres Blancos' of Spanish America" (1865, p. 97). Correspondingly, Chile met with an approval which was subsequently to be echoed by many other commentators, anthropological, journalistic and diplomatic;

"While the greater portion of Spanish America, where there is a large body of mixed breeds, is in a state of anarchy, Chile is tranquil and pacific, increasing its commerce, its riches and its population; and if now and then it experiences one of those periods of political excitability characteristic of the Spanish race, the attack is of but short duration, and the progressive march of the nation goes on". (1865, p.99)

1. Bollaert also, bizarrely, viewed the climatological environment as specifically suited to respective races (which were therefore ordained to occupy specific regions of the globe), and thought that civilised races degenerated in an unsuitable environment. Chile's European climate also indicated its suitability for a superior race. In this thinking he was following his mentor, Hunt (1863).

He also quoted with approval Squier's commentary on Central America for his "startling conclusions" that;

"We need only point to the anarchical states of Spanish America to verify the truth of the propositions laid down, where we find a people (generally) not only demoralised from the unrestrained association of different races, but also the superior stocks becoming gradually absorbed into the lower, and their institutions disappearing under the relative barbarism of which the latter are the exponents."
(1865, p 117).

Forbes (1870) was a member of the Ethnological Society, and a monogenist, and as an ethnologist was more concerned with the physical anthropology of his subjects, the Aymara Indians of the Andean highlands. His belief in the mutability of species led him to compile pages of painstaking tabulations of the respective measurements of Aymaras from the 'cold highlands' and the 'hot low valleys' of Bolivia and Peru (pp 90-94, for example) and then compare these measurements to Europeans and West African negroes (when the nature of some of these measurements is considered - 'Abdomen, distance from umbilicus to fork in legs', for example - one can only admire his courage and persistence). Although Forbes' society was supposedly anti-racist, his intellectual commitment to the mutability of the species did not render him any the less ethnocentric in his views, or any the more favourably disposed towards miscegenation;

"Although in external appearance they" (the 'mixed races') "may be regarded as an improvement upon the Indian, my belief is that, in moral character at least, the Cholada.....are, if anything, inferior in that they have retained most, if not all the vices of both, with very few of the virtues of either race." (1870, p. 30)

Even the 'pure' Indian women didn't find much favour in his eyes, since they were "far too robust as well as heavy in their movements to possess

anything like grace". Kiernan has demonstrated how this attitude, or set of attitudes, was a generalised phenomenon among commentators on Latin America (1972, pp 286-318), with many of the key features of anthropological thought retained or transmogrified; a tendency to view 'moral character' as transmitted through heredity to the same degree as phenotypical characteristics, and a persistent predisposition to view 'nations' in evolutionary terms, their status in the hierarchy of civilisation determined by their racial composition. Their scheme of evolution was able to accommodate the idea of the 'advancement' of a race only with the greatest difficulty, but could on the other hand propagate the idea of 'degeneracy' and indeed employ it as a form of 'grand peur'.

As Miles reminds us (1982, pp95-120), the crucial problem, however, is to avoid idealism in our analysis (assuming that racist ideology determines the behaviour of institutions and individuals), as much as crude economism (assuming that the ideology derives in a directly functional way from the need to rationalise the demands of capitalism);

"If racism had become an element of the ideology of the dominant class, it was as a consequence of a complex interaction of economic, political and ideological relations, in the course of which the 'economic' was only determinate in specific circumstances.....as an element of bourgeois class ideology, racism was not a direct and conscious production of the bourgeoisie, although at least at certain stages of its generation, it was the result of an attempt to represent and understand the social consequences of real, material problems of production."

(Miles, op. cit., p. 120)

One of these 'real material problems of production' (or relations of production) with which the European bourgeoisie had to cope in Latin America was the distinction between form and content in the juridical superstructure. The 'civilising' project of British colonialism and

neo-colonialism consisted to a large degree of the export of the apparatus of 'possessive individualism', which MacPherson¹ has identified as forming a predominant ideological background to the partnership which arose in Britain between capitalism and constitutional government. Even this was rendered into anthropological 'science' by Sir H. Bartle Frere in his 1881, in his article "On the Laws affecting the relations between civilised and Savage Life as bearing on the Dealings of Colonists with aborigines", where 'civilisation' and therefore 'peace' were seen as guaranteed by - laws of individual property, legislation 'of a European type' which would involve restrictions on the use of drugs and alch²ohol, and a system of taxation.

The English found the existence of the form of 'democracy' and laws of property and contract, with the content of pre-capitalist clientelistic relations and a feudal orientation towards luxury consumption, both inclining the Peruvian ruling classes towards fraud (see Kiernan, 1972, pp 313-314), contemptible. This view of civilisation as being coterminous with the government and the property laws of capitalist Britain circumscribed the reactions to other groups and nations of even the most 'liberal' of nineteenth century commentators (see for example the comments of Duffield cited in Chapter 7).

This belief system, and its interpretation of 'the known world' was subsequently to be prop³agated in a quite systematic fashion. However,

1. The theories of possessive individualism also rationalised class differences in an analagous fashion to the subsequent racist ideologies (MacPherson, 1962, pp 222-238).

2. The use of alch²ohol and drug dependence as a means of guaranteeing the availability of labour was of course a characteristic of pre-capitalist, and particularly refeudalised economies. Restrictions arrived when the extraction of absolute surplus value became important.

3. For example, in the "People of All Nations" volumes, edited by Hammerton after the First War, which reproduced Bollaert's homily to Chile.

the days when embryonic diplomats had their imaginations fed by the likes of Rider Haggard and Conan Doyle post-date our period (in any event, apart from Haggard's Heart of the World, few works of popular ethnographic adventure concerned themselves with Latin America). The actual attitudes of diplomats, the rationalisations of 'science' and the crude propaganda of popular literature should be seen as refracted images of the same response, not necessarily as being causally related to each other.

We are fortunate in that two of the diplomats on whose records we rely for this period left autobiographical accounts, and commentaries on nations where they had served, behind them. St. John, the British Consul to Peru during the Pacific War, had an astonishing career, which was initiated in assisting 'Rajah' Brooke in his assumption of power on an 'independent' basis in Sarawak, and saw him subsequently heading the British mission in Haiti, the 'Black Republic', before arriving in Lima. He left revealing accounts of both these experiences. His history of Haiti aroused considerable hostility, both in France and Haiti, on account of its lurid hearsay reports of voodoo practices, which were interpreted as racist. In his second edition, St. John defended himself with spirit;

"Brought up under Sir James Brooke, whose enlarged sympathies could endure no prejudice of race or colour, I do not remember ever to have felt any repugnance to my fellow creatures on account of a difference of complexion." (1889, p x)

However, the comments immediately surrounding this statement demonstrate that St. John's interpretation of non-racist sentiment is not one we would recognise today. His commentary on the relations between negroes and mulattos in Haiti completely reflects the comments of Squier

cited on page 51;

"In fact, the coloured element, which is the civilising element in Hayti, is daily becoming of less importance; internal party strife has injured their political standing, and constant inter-marriage is causing the race to breed back to the more numerous type, and in a few years the mulatto section will have made disastrous approaches to the negro."
(1889, p. ix)

This reflected his far from complimentary attitude towards 'the Black race', who evidently occupied a low place in his order of civilisation;

"I know what the black man is, and I have no hesitation in declaring that he is incapable of the art of government what the negro may become after centuries of civilised education I cannot tell, but what I know is that he is not fit to govern now." (op. cit., p. xi).

Presumably, St. John felt that his benevolence was evidenced by his respectful account of Toussaint L'Ouverture, but this is somewhat marred by his belief that the man's intelligence could only be explicable in terms of an undue proportion of 'European blood' (pp 47-48). Whatever he might have found to admire in the Indian population of Peru, in terms of looks, he found them even less acceptable than the Haytian negroes;

".....the Indians, who still remain by millions in North and South America, are as a race the most ill-favoured natives I have seen in any portion of the globe." (p 29).

These judgements are clearly reflected in his view of Peru as a nation, as we shall see below, and the comments of Bond-holders and other politicians clearly indicate the extent to which the anthropologists prism refracted the outside world in a way that was typical of Britain's governing classes, as our account of Sir Horace Rumbold in Appendix A will demonstrate.

It would be a conceptual error to set up, on the basis of this analysis, a causal hypothesis which attributed British behaviour during the Pacific War to racist attitudes and nothing else; the import of the quotation from Miles above is that we should look for the material problems of production, and these were plentiful enough. Nevertheless, it is evident that it would have been hard for people with these attitudes to have adopted an unbiased approach to the questions of interest that arose (just how difficult we shall see below in our account of the War).

(ii) Internal differentiation in the Peruvian social formation.

Contemporary accounts of Peru at the time of the Pacific War stress the unusual degree of internal differentiation among the population (a phenomenon generally acknowledged as being shared with Bolivia, see Klein, 1971, p.6.). This differentiation was characterised by multi-lateral expressions of contempt and hatred, which were to erupt in savage violence during the Pacific War (q.v. Chapter 10), but which had been noted by many earlier observers, such as our two anthropologists.

Forbes spent seven years in Southern Peru and Bolivia and concluded that;

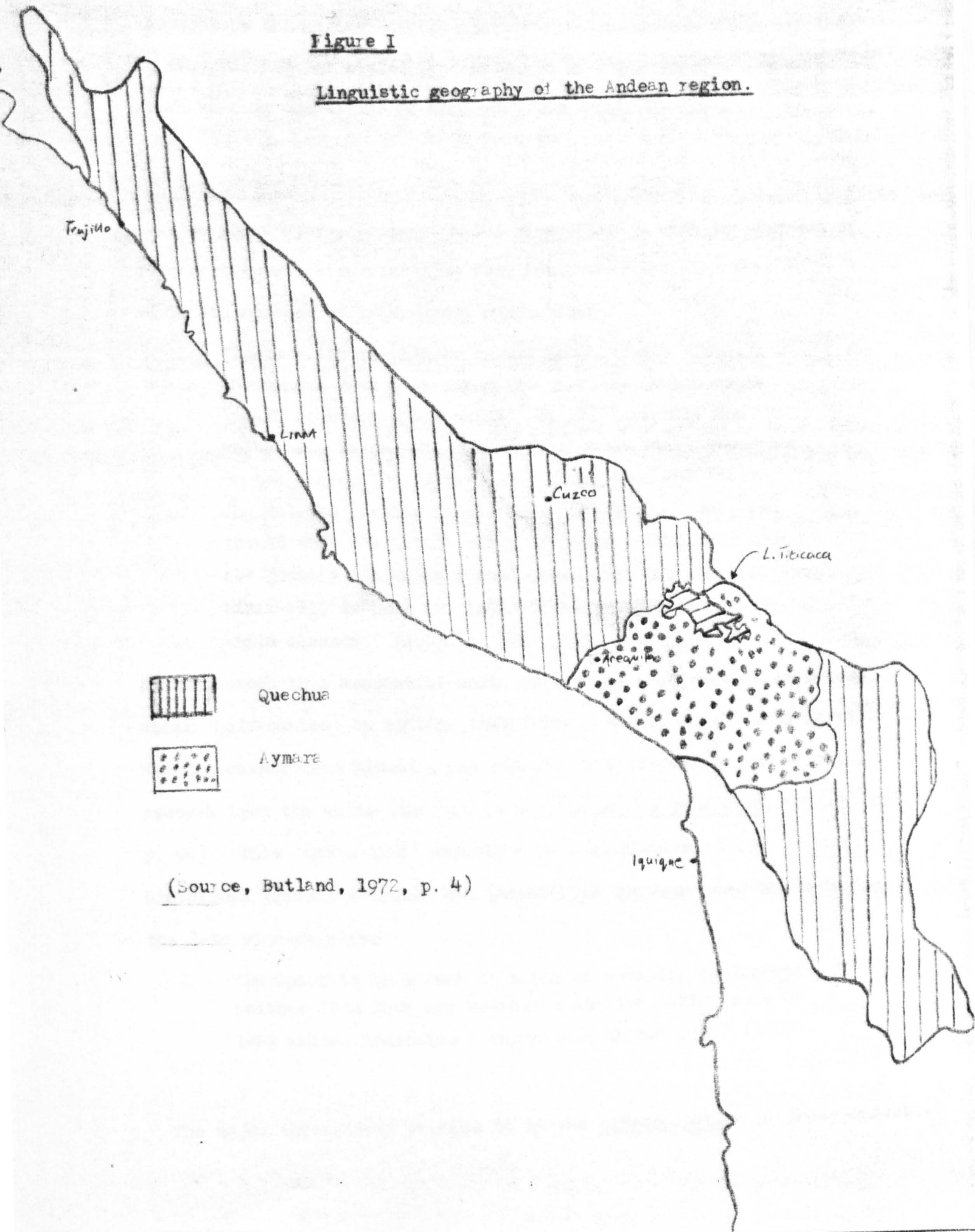
"There can be no doubt, however, that the Aymara Indians cherish the most deep-rooted and inveterate hatred towards their white oppressors, and console themselves with the hope that sooner or later they will be enabled to repossess themselves of the country of their ancestors." (1870, p. 7)

Throughout his work, he continues to comment on this hatred of whites, and "still deeper hatred of the Negro"(op. cit. p. 35), and refers to the "well known" fact that;

"...after the battles in the eternal civil wars of

Figure 1

Linguistic geography of the Andean region.



(Source, Butland, 1972, p. 4)

Peru and Bolivia, a large portion of arms disappear, having been carried off by the Indians, and concealed by them, no doubt with a view to their ultimate employment against their oppressors." (ibid.)

Forbes also noted, with evident amusement, the 'burlesquing' of white fashions by the Indians during their fiestas (a custom which persists in many parades and masked processions in Latin America), men and women wearing crinolines so huge that they could hardly move (op. cit., p 42).

As we noted above, Bollaert had a preoccupation with the degrees of skin-colour variation resulting from inter-marriage, and this is reflected in his account of inter-group hostilities;

"Despite the republican constitution, there prevails throughout Peru a strong pride of caste, which shows itself at every opportunity. By all varieties the white skin is envied. The Indian looks with abhorrence on the Negro; the latter, with scorn upon the Indian. The Mulatto fancies himself next to the European, and thinks that the little tinge of black in his skin does not justify his being ranked lower than the mestizo, who, after all, is only an 'Indio-bruto'; so called by the white Limenos." (1865, p. 96)

He reinforces this account of white skin being the great desideratum among 'half-castes' by stating that "when a man of mixed blood marries a woman darker than himself, and his children thereby become further removed from the white tint, it is said to be 'un paso atras'" (op. cit., p. 94). This 'caste-like' structure is well documented over a long historical period; Humboldt had indentified the same phenomenon during the late vice-royalty:

"In Spain it is a sort of title of nobility to descend neither from Jews nor Moors; in America, skin, more or less white, indicates a man's rank in society." (1807).

The major theoretical problem is in the interpretation of these undoubted

hostilities and their effects; do they warrant an analytical category other than that of class, does their origin lie outside the sphere of production, and did they provide a barrier to the development of capitalist production? Rex quotes Oppenheimer's analysis of the origins of inter-group conflict as evidence against a Marxist analysis;

"Contrary to the Marxist view that social differentiation is primarily to be explained in terms of the development of the social relations of production within a society, which is thought of as producing class conflict..... (according to Oppenheimer's view) "intergroup relations have the form they do because the two groups involved were not originally one, but have been brought together into a single political framework as a result of the conquest by one of the other." (Rex, 1970, p.11)

Whilst this poses something of a false dichotomy, since Marx saw the transition from one mode of production to another as being effected by conquest in specific historical instances (see p 18 above), this argument does help to sharpen our focus on the relative autonomy of the social institutions and practices which surround the 'articulation of modes of production'.

Initially, there may seem to be considerable evidence in the instance of Latin America to support Oppenheimer's thesis. In the initial stages of the colonial era in Latin America, the distinction between races was institutionalised in two separate republics (Pereyra, 1972, Vol. ii, p 125). This structure was subsequently substituted by what Chevalier (1970, pp 184-186) describes as a form of corporatism, where the Indian 'comunidades' were "regarded as separate social or racial groups having their own peculiar organisation and legislation, subject to tribute, and protected as minors under the tutelage of the Church and Crown." (ibid.) This was largely the response of Spain to the crisis in tribute revenues resulting from the de-population of New Spain (Keen, in his Introduction to Zorita, 1965, p 12ff). While the status brought some benefits (for

example the inalienability of their property), it seems that the institution was more honoured in the breach than the observance, as the commentary of the Ulloas in the 18th Century demonstrates; the early colonial institution of the 'encomienda' being substituted by the authority of the 'corregidor', whose corruption and links with the extractive industries were also documented by the Ulloas in 1748. Though the 'encomienda' was banned under the Viceroyalty, debt-bondage was widespread (Spalding 1975a). Whilst it is often commented that, under this formal protection, the Indians were better off than the various 'castas', the point does not bear too much examination.

However, the abolition of protected status at Independence had serious consequences for the Indian population; by transferring property to individuals rather than communities;

"it was not difficult to despoil the Indians of their property, especially after economic development and the commercialisation of agriculture had made the possession of land still more desirable. Of this equality of condition proclaimed by the law only a part of the mestizo population was able to take advantage, and for Indians the effect was the inverse of what was intended." (Chevalier, 1970, p. 185)

The crucial theoretical point is whether, in the light of this continued exploitation and oppression, the Indian population is appropriately differentiated in terms either of class or ethnicity. Wolf comments on the disengagement of the Indian from the new social order; "the new society could command their labour, but it could not command their loyalty." (1959) Quintanilla, cited in Frank (1971, p. 157) points to the differential consciousness of Indians working respectively in 'comunidades' and 'haciendas', reminding us of the importance of the social relations of production. It appears certain that the divide in Peru can not be seen purely in terms of customs and culture (as is erroneously supposed by van den Berghe, 1974 pp 16-17) or even language. The very

existence and persistence of various forms of Indian culture, and their monolingualism, an impassable barrier to any potential social mobility, was predicated upon the dominant position of the white elite, and their attitude the Indians (itself partly conditioned by their own role as conquerors). There is little evidence that the dominant groups in colonial and post-colonial society were sufficiently sophisticated to make, properly speaking, ethnic distinctions between groups. It would be mistaken, therefore to over-emphasise the influence of 'culture' at the expense of social relations by talking in terms of ethnicity.

Were these inter-group relations, though, class relations in essence, or more properly characterised as 'race' relations? The view held by the Peruvian elite of the Indian population was determined by a mixture of fear of the revolutionary potential (particularly after the Tupac Amaru revolt), and by specific class relations entered into with groups of expropriated and servile Indians. Several of the institutionalised forms of labour and tribute relations necessarily implied contempt for the oppressed population in the same way that slavery did. The expropriation of their lands (Spalding, 1975), the development of quasi-servile relations of production (Piel, 1970), the abolition of the 'curacas' and their absorption into the 'mestizo' population (Van den Berghe and Primov, 1977) were rendered acceptable by post-hoc rationalisations of the 'nature' of the Indian population, which were, however, able to draw on a tradition of prejudice. The merchants of the 'consulado' of Mexico expressed the view of the ruling colonial caste in a letter to the Spanish Cortes in 1811;

"The condition" (of Spaniards in America) "as conquerors of a conquered land makes them the first inhabitants, the preferred and privileged of all America..... the wretched Indian...was" (at the time of the Conquest)
"like a filthy animal, wallowing in the trough of the

most shameless sensuality, unending drunkenness, and the most apathetic slovenliness.... a mad dog savouring human flesh..... Neither the history of ancient times, nor tradition has transmitted to our day the memory of so degenerate, wretched and unhappy a people..... this is... the true portrait of the Indian today": (quoted in Stein and Stein, 1974, pp 56-57).

While this was written about the Nahuatls of Colonial New Spain, Norberto Padilla, a government official who completed a report on the central highlands in 1874, blamed the backward state of the agriculture in Peru on the "abject state and bad ways" and the traditional customs of the "aboriginal race" (cited in Roberts, 1976, p. 145). Ten years earlier, Jose Vicente Adorado had written a pamphlet, recommending among other cures to the economic crisis in Bolivia;

"To take these lands of ignorant and backward Indians without the means, capacity or desire to cultivate, and to convert them to the enterprising active and intelligent white race, avid for property and fortune, full of ambitions and needs, is definitely the healthiest change in the social and economic order of Bolivia. To realise it from the dead hands of the Indian is to return it to its useful and productive condition, beneficial to all humanity."(cited in Rodriguez O., 1980, pp 62-63).

Mariategui was convinced that racism was a function of capitalism's "inability, in Latin America, to construct an economy free of Feudal weeds" (1975, p. 25, my translation), but he also construed it as a barrier to a bourgeois nationalist movement, and a factor which tended to favour imperialist penetration, since the bourgeoisie and the feudal oligarchy shared the imperialists' contempt for the Indians, the negros and the Mulattos;

"Entre el senor o el burgues criollo y sus peones de color, no hay nada de comun. La solidaridad de

clase, se suma a la solidaridad de raza o de prejuicio, para hacer de las burguesías nacionales instrumentos dociles del imperialismo yanqui o británico. Y este sentimiento se extiende a gran parte de las clases medias, que imitan a la aristocracia y a la burguesía en el desden por la plebe de color, aunque su propio mestizaje sea demasiado evidente." (1975, p. 27)

Mariategui is directing us towards two important perspectives here. Firstly, he indicates that the racism developed and expressed by British and American 'imperialists' acted like an epidiascope to the internal divisions which already existed in Peru; reflecting and projecting and magnifying hostility and contempt which the society then proceeded to internalise, (Kiernan's extended treatment of this theme is particularly interesting, 1972, indicating in the history of Sarmiento the other course of response to European racism, namely nationalism).

Secondly, he points to the ambiguous status of these relations. Racism existed initially as a legitimation of exploitative relations of production, but partially determined these relations as a particularly crystallised form of refeudalisation. The rigidity of these relations can be over-stressed; it is a mistake to view Indian communities as entirely closed, since they were both obliged to respond to varying demands on their labour power, and also to the growth of market forces (Smith, op. cit, Spalding, 1975, Favre, 1977). Moreover, several authors have pointed out that racial categories did not represent an absolute barrier to individual social mobility, given that Indians could be easily redefined as mestizo by a simple geographical relocation, though it did represent a substantial barrier to class mobility, and therefore rapid change in the social structure. This perspective is explored further below (Chapters 5,7,10).

E. Summary.

These two chapters have sought to explore the conceptual terrain of Marxist analyses of the relations between capitalism and the world into which it expanded in the nineteenth century. There is an excessive rigidity embodied in some of the frameworks employed in this analysis, and in some of the critiques of these frameworks. I have attempted to demonstrate, for example, how the utility of a strict structuralist reading of the 'mode of production' concept tends to disappear when it is applied to concrete situations, and hence how this rigidity is alien to what I perceive as Marx's own method.

In this work I have continued to use the concept of the 'mode of production' to identify areas of the Peruvian social formation which are not autonomous in their dynamics, but which exhibit characteristics, particularly in the sphere of relations of production, which are foreign to those of advanced capitalism, whilst recognising that this renders the term descriptive as well as analytic. Hence the understanding of the term 'feudalism' as applied to Spanish absolutism, and the modified form of commodity feudalism (as in the 'second serfdom) to which it gave rise in Peru. This usage must largely be justified by the detailed historical account which follows, and which explores the concrete realisation of the concepts of race and class, overdetermination, the State and the 'articulation of modes of production'.

CHAPTER 3: INSTITUTIONAL FORMS - STATE AND CHURCH

A. Introduction

Situating the institutional forms of social relations within a Marxist discourse presents similar difficulties to those encountered when addressing problems of consciousness, for identical reasons. Whilst Marx made it quite clear that these levels of analysis formed part of his total project, he rarely came close to a detailed conceptualisation of them. His general statements appear unambiguous;

"In the social production of their life, men enter into definite relations that are indispensable and independent of their will, relations of production correspond in a definite stage of development of their material productive forces. The sum total of these relations of production constitutes the economic structure of society, the real foundation on which rises a legal and political superstructure and to which correspond definite forms of social consciousness".
(1968, p.181)

This famous passage from the Preface to a Contribution to the Critique of Political Economy is followed by an indication of the direction in which determination takes place - "it is their social being that determines their consciousness" (ibid) - but it becomes evident from much of Marx's other writing that attempts to apply what was really no more than a broad analytical scheme were difficult. Where Marx directly addresses the inter-relationships of the areas, it is normally in the form of a list of headings for a future project, or alternatively an 'off-the-cuff' remark in another context, and in some instances he appears puzzled himself (see the final section of the Grundrisse's Introduction, where Marx admits the difficulty of

even analysing the development of property relations as legal relations, 1973, p.109).

Cutler et al. feel that, "this absence of systematic argumentation in relation to what are frequently presented as among the fundamental concepts of Marxist theory poses a serious problem for Marxists" (1977, Vol.I, p.179). Whilst they are right to point to the dangers of specious exegesis for formulating theory, they are perhaps rather premature in using the difficulties of defining relations of correspondence and determination to reject the whole conceptual apparatus as internally inconsistent, (particularly since they appear to reconstitute Marx's project under their own aegis; op.cit., pp.230-231). In particular, the gibes directed at the 'slogan' of 'relative autonomy' (op.cit., p.178) are mis-directed¹. It is made to appear in their work as a dodge to explain the transparent non-correspondence of forms. If however, we consider the quotation from The Preface given above in the same light as Volume I of Capital, as an analytical scheme which identifies rather than describes the social and juridical relations which accompany systems of production, we will be correspondingly more prepared to accept the conceptual apparatus necessary to apprehend real historical change. As Henfrey has pointed out (1981, p.29) Marx's political writings exemplify the pursuit of these problems in his contemporary history with a subtlety which appears to elude some of his latter-day idealist critics. An indication of the relative primacy of, for example, forces and relations of production, does not necessarily imply either a logical or chronological sequence.

1. Although I am unhappy about its applicability to the early republican state in Peru.

Consequently, the section which follows will explore conceptualisations of State and Church in an historical context. The extreme paucity of material on the Church obliges me to undertake only a brief exploration of its role as an agent of legitimation, and the other major institutional form, the Army, will be examined in its historical context in the second section (but for a very thorough and excellent treatment, see Beruf, 1978).

B. The State

Marx's polemical view of the concept of the state was as a coercive instrument of the ruling class; this position is most clearly expressed in his famous remark in the Communist Manifesto:

"The executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie".
(1970a, p.33)

Both Marx and Engels did, however, also introduce the notion of the possibility of state autonomy under exceptional circumstances. For instance, in this extract from a letter to C. Schmidt, Engels appears to be attributing a role of negative determination to the state:

"Society gives rise to certain common functions which it cannot dispense with. The persons appointed for this purpose form a new branch of the division of labour within society. This gives them particular interests, distinct from the interests of those who empowered them. They make themselves independent of the latter and - the state is in being. the new independent power, reacts in its turn, by virtue of its inherent relative independence upon the conditions and course of production..... On the whole the economic movement gets its way"

(27th October 1890 in Marx and Engels, 1968, pp.685-686)

It would appear, however, that the state can be relatively autonomous for only a limited period:

"The reaction of state power upon economic development can be of three kinds: it can run in the same direction, and then development is more rapid; it can oppose the line of development in which case nowadays it will go to pieces in the long run"

(ibid., p.686; my emphasis)

It is evident from the highly qualified way in which the concept of autonomy is discussed, that neither Marx nor Engels were in fact entirely happy with it. However they clearly do express a doubt as to the existence of a direct correspondence between mode of production and superstructure; for instance, in the case of the secularised, bourgeois state, where political enfranchisement of the working class may mask the fact of its continuing subjection through property relations into which it is assumed to have freely entered. Since in the (developed) capitalist state oppression is disguised, it may sometimes appear to exercise genuine impartiality.

Marx and Engels also considered that a state might enjoy autonomy when there was a balance of power between classes. Engels takes as his example of such a situation the Absolutist State, which, as a transitional form, mediated between two modes of production. State autonomy in this sense is considered of especial relevance to the 'underdeveloped' state due to the non-generality of capitalist relations in peripheral formations; it is of especial interest for Peru since, as I hope to show below, the traditions of Spanish Absolutism persisted throughout the 19th century:

"By way of exception, however, periods occur in which the warring classes balance each other so nearly that the state power, as ostensible mediator, acquires, for the moment, a certain degree of independence of both. Such was the absolute monarchy of the 17th and 18th centuries, which held the balance between the nobility and class of burghers".

(Engels, The Origin of the Family, Private Property and the State, in Marx and Engels, 1968, p.578; my emphasis)

However it is noticeable that this observation is hedged around with considerable qualifications, and the state position as mediator referred to as ostensible. Furthermore, not all absolute monarchies could be said to have 'held a balance'; Spanish absolutism was in fact clearly aligned with the feudal countryside against the towns (cf. Anderson, 1979, p.61; also see Chapter 4).

Another recurring theme which appears to contradict the idea of direct correspondence between the mode of production and state form concerns the definition of a state's role by its geographical boundaries¹:

"Present-day society is capitalist society, which exists in all civilized countries, more or less free from medieval admixture, more or less modified by the particular historical development of each country, more or less developed the 'present-day state' changes with a country's frontier 'The present-day state' is, therefore, a fiction".

(Marx, Critique of the Gotha Programme, May 1875, in Marx and Engels, 1968, p.327; my emphasis)

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1. Whilst agreeing with the importance of the role of the historical legacy of a society in its state formation, it should also be emphasised that a common feature of dependent states is their 'internationalisation' and consequent fragmentation which makes it difficult to "perceive the political process in terms of a struggle between the Nation and the anti-nation the anti-nation will be inside the nation so to speak, among the local people" (Cardoso, 1972, p.93).

The importance of the historical inheritance in the formation and character of a state should emerge from this study; on the whole, however, the notion of relative autonomy is a comparatively weak concept in the context of the Peruvian social formation. It is, on the other hand, a theme which has been elaborated in the writings of many subsequent theorists. Unfortunately much of this work is rather unhelpful due to the tendency of contemporary Marxist analysts to take their analysis from the developed form of the Capitalist State as exhibited in metropolitan society - this applies equally to the 'state derivation' theorists (c.f. J. Holloway & S. Picciotto, 1978), and to Miliband (1969, 1970, 1973) and Poulantzas (1969, 1976a). This is because current concerns with the state concentrate on its role as an ideological and economic stabiliser.

There has correspondingly been less attention paid to the state in its less developed, or less fully functionalist forms. Furthermore the variations in pre-capitalist and dependent social formations are such that it is difficult to use much of the theory that has been developed, since it is frequently only applicable at a very generalised level to the specific social formation under study. The state in post-colonial societies is particularly historically specific - the problems in its analysis are analagous to those problems of periodization dealt with earlier; as the institutional form of a particularly complex set of undeveloped, nascent and developed class relations, it embodies an acute set of contradictions corresponding to the variety of historical temporalities which it encompasses. The state "as an organic product and a necessary structural element (for the economic and social reproduction of society) in the society, is the

expression of the dominant contradictory social relations" (Zieman and Lanzendorfer, 1977, p.157). A further complicating factor is that the form of the state, along with the economic structure of peripheral societies, tends to be largely derivative rather than original in character (c.f. Therborn, 1979), and in turn interlocks with the metropolitan relations of production and, to some extent, its state form. Thus, the institutional form in the periphery does not necessarily transform itself to mirror changed economic or social circumstances; on the contrary, it may through the process of overdetermination, inhibit change or development in social or economic spheres. (Although it may also be used to implement change and 'hasten transformations" (Marx, 1974, p.703).) States are, after all, social arrangements made by, and constituting of social beings with expectations which may have been reproduced from an anterior social order. I shall argue that this certainly tends to be the case in 19th century Peru.

Hamza Alavi (1972) has propounded that argument that three classes may in fact share state power in post-colonial societies, and, although he refers to Pakistan, this idea seems relevant to 19th century Peru. Even when a national bourgeoisie develops, and gains access to state power, its freedom of action is very much constrained by reactionary factions of the oligarchy and the power of foreign capitalists; this situation of class equilibrium generally produces 'caudillismo' or Bonapartism. Continuing this theme, Charles Anderson (1967) has described Latin America as a living museum - although new classes or fractions may become dominant they do not succeed in completely ousting earlier actors from the political arena; thus the

peripheral state reflects the non-generality of the capitalist mode of production. It too must comprise a contradictory variety of political forms and functions.

However, this preamble confronts us with the problems of how we define the state. Since for Althusser (1969) the state may be defined as that which ensures the continued domination of the class that controls the state, all institutions which contribute to the reproduction of a social formation could be characterised as parts of the apparatus. This seems far too broad a definition to be of much use, especially when considering the state in undeveloped societies, where, as noted above, it was/is frequently not under the complete control of any one class, or fraction¹. Moreover, for much of the 19th century, the state in Peru might be characterised by its lack of permanent institutions; its elusive substance reflecting the fragmentation of the Peruvian economy and society. Are we to focus on the constitution, on national or local politics, or on the persistence/re-emergence of pre-capitalist political forms such as clientelism, 'compradazgo' and 'caudillismo'? For example, despite the persistence in 19th century Brazil of a centralised state apparatus which ensured political stability, Peter Flynn (1974a, pp.315-333) has noted the weakness of this apparatus and considers that state power might really have been located at the regional level - the liberal, democratic

1. In this sense peripheral states have frequently been viewed as enjoying an exceptional degree of autonomy. However, we must distinguish between states whose relative autonomy simply lay in the disorganised, fragmented and ineffectual nature of their institutions, reflecting anarchic social conditions and the political predominance of 'caudillos', and those states which were largely staffed and controlled by the petty-bourgeoisie, due to some industrial development and the consequent emergence of an urban middle class.

constitution is seen as a facade, and central authority severely limited, its main functions being largely ideological - simply to hold the regions together.

Alternatively should we focus on the centre, on new democratic governments, and on the ideological debates between 'conservatives' and 'liberals'? It is obviously essential for our purposes to define our terms and to locate the state in any given instance, historically, in order to determine its origin, the extent to which it has outgrown functions, or to which new circumstances have transmuted both functions and form.

Theorists who have analysed the state in underdeveloped societies have tended to concentrate on the contemporary state, and its tendency towards military and populist forms of government. Castells (1972) characterises it as being strong and relatively autonomous of the dominant, pro-imperialist bourgeoisie (whose interests it, nevertheless, tends to represent or favour). It is perceived that only a 'strong government' can modernise the productive infrastructure of the country, nationalise the agricultural sector to facilitate surplus extraction and make the public administration structure more efficient and 'national'. Moreover, only such a government can unite contradictory social groupings and be seen/appear to act in the interests of all classes, that is the nation-state, and yet accomodate foreign capital¹.

1. This is also the role of the state as described by Marx, in the transitional phase of pre-capitalist forms to capitalism - the state acting as a 'midwife' and weapon of capital (1974, pp.258, 271, 341, 703). However, in that case the state is clearly not autonomous or external to society, but an instrument of capital; its impartiality is deceptive, it is acting in the collective interests of capital as a mediator between different social classes.

Contemporary Brazil might be considered to be a paradigm^m of the new 'strong, impartial state' - a totalitarian version of the 'impartial' populism that preceded it and certainly the military leaders have attempted to present themselves in the role of arbiters of national interest. For Alavi (1972) too, the state apparatus in the post-colonial society has acquired a relatively autonomous economic role, directly appropriating a large part of the 'economic surplus', which it then deploys bureaucratically to initiate economic development. Hamilton's work on post-revolutionary Mexico continues this theme:

"Partly as a consequence of its role in capital accumulation and investment, the state may enjoy a certain amount of temporary autonomy vis-a-vis class interests - particularly at critical periods as immediately following independence, revolutionary or other social upheavals, and a sharp break or change in dependency relations. In Mexico this occurred in the 1930s"

(1975, p.75)

Other students of Mexican history agree with this analysis; for Hodges and Gandy (1979) state autonomy is so marked that they speak in terms of a new class, the bureaucratic class. Debray (1973) too discusses the development of the petty-bourgeoisie into an 'autonomous state bureaucracy' who may be relatively independent of other social classes. Ziemann and Lanzendorfer (1977), however, have perhaps produced the most comprehensive and convincing exposition of this theory of relative autonomy. They view peripheral societies as the social formations of the 'relatively stagnating transition' from pre-capitalist social formations to capitalism, elements of which synthesize with the exogenous conditions of development. Such social formations are therefore composed of dynamic and stagnatory elements and these two aspects 'constitute the contradictory unity of peripheral

development' (c.f. Althusser, 1969, pp.96-97). This accentuates the structural heterogeneity which characterised the latin American colonies from the moment of their incorporation into the international system. Stemming from the fragmented structure of the peripheral social formations there are, consequently, along with the role of mediating political difference among the class and fractions of domestic classes, several other political functions of the state. Firstly, "acting as intermediary in political differences between the synthesized national interests with the interests of the external bourgeoisie and their states ..."; secondly, "guaranteeing the cohesion of the social structure, which is continually threatened by its own dynamic", and lastly, "acting as intermediary in political differences between the growing state bureaucracy and other classes and fractions of classes." (1977, p.162) The first two functions are useful in attempting to come to an understanding of the nature of the state in 19th century Peru. However, the applicability of the notion of 'relative autonomy' to the 19th century Peruvian experience, implied by the last point, is most debatable. Ziemann and Lanzendorfer elaborate on this last function:

"The demands on the state which stem from the whole complex of social reproduction, and their functional reflections, assume concrete form in the relative autonomy of the state. The marks of this relative autonomy are to be seen in the unity and simultaneous existence of logically not separate aspects of statehood, such as 'weakness', instability, restricted legitimacy, 'strength', permanent intervention ..."
(ibid., p.162)

I shall return to these aspects below.

F.S. Weaver (1976 and 1980) pursues the idea of state autonomy and locates it specifically in the Peruvian experience during the Guano

Age. He, like Levin (1960), describes the Guano industry as having had an enclave character, with therefore "little direct impact on the Peruvian economy", and notes the general failure to use the guano revenue to establish self-generating sources of capital accumulation. From this he draws the conclusion that:

"the major impact of the guano exports was to create a powerful central state which rose above society and was fully capable of effecting policies explicitly contrary to the interests of the planters of the Northern Coast (for example, abolishing slavery) and of the gamonales of the interior haciendas (for example, sharply curtailing their control over Indian labour).¹ The major impact of the guano boom then, was the creation of a powerful state more like that of colonial Peru than of Peru in the immediate post-independence decades." (1976, p.40)

The concern here is to analyse the nature (changing) of the state in 19th century Peru, prior to the development of the contemporary 'strong' state, or the late 19th century 'republica aristocratica', and to consider the validity of the notion of an autonomous state apparatus in this context. Before situating the state in Peru within a detailed consideration of the empirical material, a task which will form part of the second section of this thesis, I should proceed to briefly outline how I shall define the state, and consider what constituted this structure in 19th century Peru.

The state may be defined as a set of complementary, interlocking superstructural institutions designed to ensure the reproduction of the social formation, and which, therefore, monopolise the means of repression and exist as ideological symbols for the entire population.

1. See my discussion of the Indian peasantry in Chapters 7 and 10.

These institutions are not, however, simply mechanistic reflections of the social formations, but can be key instruments through which the conditions necessary for capitalist development may be created or inhibited. This superstructural expression of state power can be divided into different categories according to the main functions of the state; Ziemann and Lanzendorfer's remarks on these functions may provide a useful basis here.

However, to return to the developed, capitalist form of the state, it is possible to outline three main functions, which may be used to break down the state structure into firstly, the "administrative technical" (civil service), secondly the 'coercive' (judiciary, army and police) and, lastly, the 'consensual-mediative' (democratic, educational and welfare institutions). The colonial Peruvian state, or administration, did not, as a pre-capitalist social formation, embody all these functions but merely those required in its role as a colonial outpost of mercantilism, geared to European needs - namely the first two functions. Obviously republican Peru initially inherited many of these institutions, whilst economic domination by metropolitan capitalism increased; this brings us to a consideration of the nature of the colonial state in Peru. However, clearly, the colonial administration was largely a reflection of Spanish absolutism; one of its major functions was to co-ordinate the disparate elements of the Peruvian economy, mediate between them and gear them to Spanish interests. Furthermore, the state bureaucracy, certainly at the higher levels, was made up of 'peninsulares', the elite's orientation, both economic and social, was towards Europe, and, finally, the majority of Indian peasants had no consciousness of Peru, as an

entity, at all. The Peruvian colonial heritage was in fact characterised by its artificiality and structural heterogeneity as a social unit, and by its extreme dependence on Europe. More than other areas of Latin America (apart from Mexico) it was systematically 'used' by Spain, its natural resources sucked dry and its commerce monopolised by peninsulares for the benefit of the metropolis. It therefore presents a contradictory image as one of the most tightly and efficiently administered units of the Empire, where the state order appeared totally predominant; whilst in fact, the form of politics was derivative, the elite wholly divided and the social structure extremely fragile. To understand this more fully it is necessary to consider the nature of the Spanish Absolutist state, for the Peruvian state, as Mariategui observed (1976, p.53) imbibed the ideology of the Counter-Reformation and the attributes of centralized, repressive Absolutism to a marked degree¹.

For Perry Anderson (1979), the absolutist state of Spain represented that form of state par excellence; moreover ..

"no other major Absolutist state in Western Europe was to be so finally noble in character, or so inimical to bourgeois development. Ironically, the wealth provided by Peru is seen to be a major factor in facilitating its resistance to reform and modernization instead it bore down with a massive weight on the most active commercial centres of the continent, even while threatening every other landed aristocracy in a

1. This is, of course, not to deny the specificity of the Peruvian social formation, due to the integration of certain elements of pre-Columbian society into that formation; as I have already indicated above, it is a distortion of reality to consider peripheral societies as corresponding to European ideal types. Nevertheless, Peru, under Spanish colonial rule, formed the centre of a substructure of European mercantile absolutism.

cycle of inter-aristocratic wars that lasted for a hundred-
and fifty years." (Anderson, 1979, p.61)

The unproductive consumption by Spain of colonial gold in a series of wars is remarkably similar to the use of the guano revenues by the Peruvian state for most of the guano era. It should also be remarked that, just as the plunder of Latin America represented a moment in the process of the primitive accumulation of capital for Europe, so for Latin America it represented primitive disaccumulation.¹

Anderson's description of Spanish Absolutism identifies a state .

"founded on the social supremacy of the aristocracy and confined by the imperatives of landed property. Army, bureaucracy, diplomacy and dynasty remained a hardened feudal complex which governed the whole state machine and guided its destinies."
(ibid, p.42)

This interpretation of absolutism sees it as an essentially reactionary form, a reinforcement of rule by the traditional feudal class, developed in response to the crisis of feudalism, which has, however, a superficial modernity inherent in the establishment of an elaborate, centralised state. Furthermore, this apparatus may be appropriate to the development of capitalism if it rests on an alliance between the monarchy and mercantile capital, against the feudal power of the barons. The absolutist state can, therefore, be a transitional form, developing in an epoch of which mercantilism is the ruling doctrine, and overcoming localised forms of power; and it was in the mercantilist

1. Although, as with the Guano Boom, whilst European economic domination was detrimental to the Peruvian national economy, it clearly did not preclude the enrichment of a small minority - thus exacerbating pre-existing divisions within the elite.

spirit that the Latin American colonies were discovered and organised. However, in Peru, as in Spain, there was a generally harmonious fusion between merchant capital and feudal rentier property, and while merchant capital in the foudal mode may have a "dissolvent" effect it is, as Marx pointed out, "incapable by itself of promoting or explaining the transition from one mode of production to another" (Capital, 1972, Vol.3, p.327). It cannot be a source of permanent, self producing accumulation; its role is merely preparatory. Indeed, because of these limitations, it may well, especially in alliance with landed property, be a reactionary force¹. As Merrington has observed of Russia :

"the growth of the world market led to the subordination of the urban bourgeoisie within a seigneurial export economy based on corvee labour" (1978, p.185)

Similar limitations were placed on the development of both a Spanish and a Peruvian manufacturing bourgeoisie.

The main functions of the Peruvian colonial administration were, consequently, to maintain the status quo, to integrate the 'parcellized sovereignty' inherent in the seigneurial economy, ensure the smooth articulation of the export cells with the European market, and support the towns, established as military outposts and centres for the collection of tribute. The colonial Peruvian administration was essentially a vast rent-collecting machine and source of patronage, with an exceptionally top-heavy coercive apparatus, designed to subdue

1. Marx wrote: "... wherever merchant's capital still predominates we find backward conditions .." (Capital, Vol.3, 1972, p.327). Capitalism in Peru, throughout the period under study, took the form of mercantile capital.

the Indians, and represent the empire.

Independence did not revolutionise this situation; the Republican State that emerged was a wholly artificial creation, in no sense an organic development arising out of the internal contradictions of Peru, but a result of the events in Europe. Consequently, despite the imported form of modern government that was established, Independence resulted in a regression towards feudal parochialism, clientelism, 'caudillismo' - the features of feudal politics prior to the centralisation and institutionalisation of the system of power which absolutism had established. According to Beruf, Independence resulted in:

"an accentuation of the centrifugal tendencies inherent in the fragmented social structure. Political power tended to shift away from the urban centres, which had played an intermediary role during the Spanish Empire, towards the feudal countryside" (1978, p.20).

The absence of central authority, and the fragile and fractured nature of the elite gave rise to local Praetorian politics expressed through 'caudillismo', and for several decades after Independence no one sector was able to attain dominance within the power bloc. Unlike in Chile, there was a failure to establish a balanced and institutionalised form of intra-elite conflict, and 'caudillismo' continued to be a major feature of Peruvian politics up until the end of the 19th century and the imposition of the liberal oligarchic state. The state, with its remnant of a revenue-collecting body, was one of the few sources of wealth in Peru during the early part of the 19th century, and therefore became a focus of struggle amongst the caudillos, a source of income/employment for the 'middle sectors' - 'mestizo' soldiers, lawyers,

traders, etc. - and of capital accumulation for some members of the elite who regained their former wealth through making loans to the government, acquisition of contracts, grants, and so on. It, however, carried out no productive role in the realisation of capital accumulated within the national boundaries of the republic, but should be seen as merely consisting of vestigial elements of a state whose prime function had been, and was to remain, the provision of raw materials for mercantile capitalism.

With the discovery of guano, and Peru's subsequent re-incorporation into the world market, the framework of a state apparatus appropriate for the regularisation of raw material transactions and accommodation of foreign capital are re-established. Concomitant with this development, some institutionalisation of the political process took place once more. The coastal fraction of the oligarchy clearly used the state under Echenique¹ to obtain a large amount of the guano revenues which they then used to re-establish their economic base of agro-extractive exports and through which they were able to achieve a degree of predominance. The other main function of the state during this era continued to be that of a patronage machine. Both these features mimic the functions of the colonial state. Levin describes the performance of the state during the Guano era in the following way:

"With seemingly unlimited guano funds passing into the government coffers, the bureaucratic traditions of Lima's Spanish colonial days came into full flower and an

1. Echenique explicitly spoke of the need to use the state to establish new bases of capital accumulation (28th July, 1853 in F.O. 61/136), but this did not augur the beginning of the consistent use of the state to develop capitalism, but rather the momentary capture of the apparatus by an aristocrat and his consequent use of it to enrich his clients.

'empleomania' seemed to grip the city. The swollen army, bureaucracy and pension lists created a class whose financial support was of increasing importance for the political stability and the economic stability of the small exchange sector. Politically, the life of the government rested to a great extent on the continued welfare of this military and civilian group" (1960, p.114)

Moreover, this 'swollen army' of 'bureaucracy' was not a stable sector, its personnel tending to change with each new 'caudillo'. This is clearly clientelistic, pre-capitalist politics at work - a state run on personalist lines, despite the charade of the imported liberal, democratic parliamentary institutions. W.M. Mathew has commented on the way in which the guano business was organised in its early stages:

"The relationship between the contractors and government appears to have been highly personal, and the government itself acting as a medley of self-interested individuals. To talk of a contract between a government and a company is to imply a perhaps unreal degree of formality and legalism". (1972, p.608)

Moreover, throughout the period under study, no sources of autonomous capital accumulation were established: instead the speculative nature of the Peruvian economy was increasingly accentuated by its world-market dependence, the banking boom and by the use of the government apparatus as a source of income. This in turn inhibited attempts at modernisation of the apparatus as the 'ins' and 'outs' struggled over control of the framework, whilst political instability was increased by the extreme vulnerability of the entire economic structure to international cycles. As Ziemann and Lanzendorfer have observed:

"The contradictory and incoherent societal reproduction of the periphery does not lead to a permanent reproduction of

its own postulates and conditions it produces on the one hand a permanent economic crisis in the shape of an unbalanced economy, and on the other, a permanent political crisis in the shape of a political imbalance." (1977, p.164)

However, the Peruvian state, up until the establishment of the oligarchic republic in 1895, cannot be simply characterised as vestigial. It was not a static entity, but was also gradually undergoing the transformation into an all-embracing functional nation-state: a peripheral, dependent capitalist state, which is itself characterised by a quasi-permanent fragility and transitional quality. It must therefore be seen as both vestigial and transitional for most of the 19th century, reflecting the extreme structural heterogeneity and hybrid nature of the social formation and the consequent failure of any one class to achieve complete hegemony, or institutionalise a system of cooperative conflict. Under Pierola, following the trauma of the war, institutionalisation of the political processes finally takes place, a national, bureaucratic army is created¹, and the state begins to function as a unifying force, reflecting the greater elite consensus which had been achieved, and as a mediator between national and foreign capital². The ideological debates between 'liberals' and 'conservatives', the struggles between dynamic and stagnating elements of the oligarchy,

1. Beruf's study (1978) highlights the crucial importance, in the centralisation and organisation of the state that took place after 1895, of the creation of a national army, controlled by the state. This in turn reflects the coercive role of the Peruvian state, as opposed to its unifying or ideological functions.
2. One of the major roles of the post-1895 state concerned the provision of labour, for instance, in 1895 Bolivar's decree concerning the illegality of communal land was re-enacted. This policy underlined the need of a state army.

between the sierra and the coast, which preceded the modernisation of the state apparatus and for which the state acted as a forum, should be seen as representing part of this transition, stages in the 'incomplete bourgeois revolution'. Incomplete, because the state continued to act as a crutch for pre-capitalist relations, because the backward sectors of the oligarchy were not ousted, but were, on the contrary, strengthened; and incomplete because it is questionable, even after the War of the Pacific, or by 1895, whether one may consider Peru truly as a nation-state.

A crucial ideological component of the bourgeois capitalist state is the way in which national boundaries were erected between classes and reinforced by the administrative apparatus. This historically specific development, which formed a vital part of the bourgeois revolutions of Western Europe, serves partly the purpose of defining capital accumulation within geographical boundaries for specific social classes and partly the way in which the capitalist class consolidates its power. In this way the bourgeois nation-state is an ideological entity as well as an actual entity composed of boundaries, institutions and so forth. However, in Peru, throughout the 19th century there is little or no conception of the nation-state¹ - capital is reproduced outside national

1. Nationalism is a bourgeois phenomenon, even though capitalism is internationally mobile; in contrast, since land is the basis of power for a feudal ruling class national boundaries are an obstacle - territory may be owned anywhere: "The ideological conceptions of 'nationalism' as such were foreign to the inmost nature of Absolutism" (Anderson, 1979, p.38). Similarly the phenomenon of nationalism was extremely slow to emerge in most Latin American states, despite rhetoric to the contrary (c.f. Jaguaribe, 1969). The success of the Chilean state here was exceptional and stood in sharp contrast to Peru, where in the sierra, for example, landowners and Indians identified more with their 'altiplano' counterparts in Ecuador or Bolivia than with coastal Peruvians (c.f. Bonilla, 1978).

boundaries; as Weaver (1976) points out, the major export concerns have an enclave character; foreign and national capitalists' interests and even personal relations are intertwined; the state - far from enjoying autonomy - is, for most of the 19th century, quite unable to create a unifying focus for the disparate elements of the social formation - nor can it act with independence vis-a-vis British capital. On the contrary, it has a client-patron relationship with foreign capital, and may be described as a semi-colonial state. The Pacific War, partly arising out of the clientelistic style of politics pursued in Peru, woefully reflected the incoherent nature of the Peruvian upper classes, and consequently the backward nature of the Peruvian state. It highlighted the total inability of the state to control the various parts of the country, and sectors of society, and its dependence on foreign capital. The war is the culmination of the political and economic instability inherent in the fragile and fragmented nature of the Peruvian social formation. As a piggy-bank for the oligarchy and source of patronage for the 'swollen army' of civil servants, Peru was endowed with an army totally unequipped to fight Chile (Chile had 5 generals, Peru -26 (Beruf, 1978, p.28)). Contemporaries commented on the Peruvian preoccupations, even during the war, with infighting; and members of the elite sought the protection of the Chilean army against the oppressed classes, and/or put forward various schemes whereby Peru might be made into a North American protectorate (see Chapter 10). By contrast, in Chile the landowning class had early on achieved a substantial degree of integration and national autonomy, due in part to its differing colonial heritage, and this had led to the early institutionalisation of political processes and establishment of a strong and centralised state apparatus, controlled by the oligarchy,

in alliance with foreign capital. Chile had quickly developed as a "reliable", if independent, economic partner¹. For Chile, therefore, the Pacific War may be seen as an example of positive action undertaken by the state in its accumulative stage; it represented not only a significant moment in its capital accumulation, but also a further progression towards national integration. Defeat for Peru represented not only capital disaccumulation, but further disintegration of the social structure and weakening of the formal institutions of the state. The bourgeois-liberal, modernising reforms of Pardo were therefore initially lost and we see a temporary return to 'caudillismo'. It was in partnership with foreign capital, via the Grace Contract, that the Civilistas eventually managed to recover economically and effect a degree of modernisation of the state apparatus in the form of the liberal-oligarchic state, in co-operation with more backward sectors of the possessing classes. 'La republica aristocratica' was therefore still based on an alliance between mercantile and rentier capital, but took European liberalism as its form, and finally expressed intra-elite unity² through this exclusivist democratic constitutionalism (c.f. Therborn, 1979, p.72)

Duffield, writing just before the Pacific War, commented on the gap between 'form' and reality in Peruvian politics:

1. Chilean 'reliability' and 'respectability' was a major reason for British (unofficial) support for it, especially in the Pacific War. In the judgement of American historian Evans, after the Pacific War: "The promise of better business conditions in the nitrate fields when the progressive Chileans extended their administration there was not lost on the British investor." (1927, p.135).
2. However, it is clear that beneath the surface the structure of the Peruvian formation and politics was still archaic: Miller (1982) comments on the continuing importance of factional struggles and personal followings after the war.

"Peru is a republic in name, "governed", or rather farmed by groups or families of despots, who frequently quarell among themselves." (1877, p.133)

From the moment of Independence, of course, European bourgeois representative institutions had been adopted as the form of government and new, radical constitutions continued to be drawn up and implemented in Peru. Many of the liberal reforms do represent an attempt to carry out a bourgeois revolution and a few individuals did hope to establish an autonomous manufacturing base (c.f. Copello y Petriconi, 1876; Gootenberg, 1982); however, they are also a function of ideological rhetoric and the result of mimicry of a model which was assumed to be better than indigenous forms. But since the reforms did not correspond to Peruvian reality, they either remained ineffective, generated further intra-elite friction, were transformed to suit the needs of the Peruvian oligarchy, or, finally, facilitated economic domination by metropolitan capital. In the event, institutions were generally modified to conform more closely to Peruvian reality; for example, the liberal-oligarchic republic at the end of the 19th century endowed the President with almost vice-regal powers, suffrage remained limited to about 3% of the population, and the chambers had little independence. What was eventually taken fully on board, however, was European economic liberalism. This united British and Peruvian capital and was the basis for the recovery of the export oligarchy, but undermined the possibilities of self-sustaining capitalist development on British lines. As Mariano Otero, writing in the 1840s about Mexico, observed:

"When it has been said to us very seriously that we have an aristocracy, when we have been exhorted to bring it up to date and we have been told of the European nobility and feudal

clergy, no one has known what he was talking about; words have miserably been mistaken for things, and an error in language has brought about one in politics the Mexican aristocracy was not at all similar to the European; it was a parody and the individuals that composed it lived indolently upon capital enjoying their profits."

(in Cockcroft, 1974, p.247)

Moreover, the modernising sector of this aristocracy perceived its interests as complementary to those of Western industry. For Candamo, at the end of the 19th century, this was to be the role of the oligarchic state - to facilitate the export of raw materials (in Yepes, 1972, p.191)-and those like Copello, Petriconi and Pardo who had hoped to use guano wealth as a source of primitive accumulation to make Peru more independent, but had based their ideas largely on the philosophy of Chevalier or Comte, were doomed to failure. As the Mexican statesman Ponciano Arriaga, speaking in 1857, warned:

"Upon decreeing freedom of trade, industry and other franchises, great concessions are made to foreigners, scarcely reflecting upon the impossibility of our industry and crafts competing with the foreigners, given three centuries of delay, monopoly and servitude."

(in Cockcroft, 1974, p.247, my emphasis)

Marx observed in the 18th Brumaire:

"Men make their own history, but they do not make it just as they please; they do not make it under circumstances chosen by themselves, but under circumstances directly encountered, given and transmitted from the past. The tradition of all the dead generations weighs like a nightmare on the brains of the living."

(1968, p.96)

Consequently, the form of state order that eventually came to be

institutionalised in Peru in the 1890s and the concomitant configuration of organised intra-elite conflict was still characterised by earlier, archaic features. It represented an uneasy interlocking and coexistence of different historical temporalities, a compromise between the local historical time of the predominantly non-capitalist sierra with that of the dominant 'modern' sector, as the nascent capitalist order established a functional relationship with the feudal 'hacendados,' at the expense of the Indian communities. It finally expressed the (marginal) victory of one backward sector of the elite over an even more backward sector. Morse has discussed this victory and the preceding years of political infighting in terms of the North American Civil War, which, however, in Latin America was won by the 'South'¹ (Morse, 1974, pp.416-447). However, what the 'South' subdued was not a 'Northern' industrialising sector, but agriculture based on seigneurial relations and primitive technology. Furthermore, in Peru, this sector was incorporated into the state structure, which consequently remained overloaded with contradictions and conflicts.

In summary, the correct characterisation of the republican Peruvian state, prior to the establishment of the liberal oligarchic republic, must be that of a weak and vestigial structure, which largely consisted of transitory elements, a bare framework for collecting revenue (through tax-farming and monopolies), and carrying out repression. Central power contended for these functions with the localised client systems that predominated for most of the period, and with the Indian

1. The 'South' representing export-oriented, technologically modern plantation agriculture based on non-capitalist labour forms and dependent on foreign capital; even in this 'capitalist' sector of agriculture, therefore, the formal subsumption of labour to capital did not occur.

communities. It cannot therefore be considered to have enjoyed autonomy in the sense of pursuing a coherent, independent policy, or mediating between classes, since there was no permanent independent bureaucracy (either civilian or military (Beruf, 1978)) to carry out such policies. On the contrary, Peruvian politics was characterised by violent fluctuations, reflecting the capture of the apparatus by different class fractions. The republican state, during the period under study, may be said to have been a 'shadow' of its former, absolutist self. Moreover, it was a disorganised 'shadow' lacking in national sovereignty. Its central determinant was the non-integrated incorporation of the Peruvian social formation into the international economic system, which reacted with the internal factors delineated above to generate constant conflict and further social and structural heterogeneity. In this sense it may have been external to Peruvian society, but not in the sense of being autonomous, rather in the sense of having little relevance to it¹. Interestingly, as Peruvian politics became more systematised, following Castilla and the beginning of the Guano Age, the archaic functions of the state were actually accentuated. We may even compare it to the Tsarist state at the end of the 19th century; Althusser's comments here are resonant of features of the Peruvian state, especially as coastal agriculture began to modernise and the state became stronger. The feature of the Tsarist state was:

".... the accumulation and exacerbation of all the historical contradictions then possible in a single state. Contradictions of a regime of feudal exploitation at the dawn of the 20th century, attempting ever more ferociously amidst mounting

1. This generalisation is obviously applicable to the sierra, and particularly to the Indian peasantry, far more than it is to the coast.

threats to rule, with the aid of a deceitful priesthood¹,
over an enormous mass of ignorant peasants
Contradictions of capitalist exploitation and
imperialist exploitation in the major cities and
their suburbs A gigantic contradiction between the
stage of development of capitalist methods of production
.... and the medieval state of the countryside"
(1969, pp.95-6)

The Guano Age, whilst it produced certain liberal reforms, also led to
the accentuation of certain of the medieval characteristics of the
state - notably the enormous outlay on the military. Anderson
writes that:

"The virtual permanence of international armed conflict is
one of the hallmarks of the whole climate of Absolutism"
(1979, p.33),

furthermore, within a country too, armed struggle was commonplace, for:

"war was possibly the most rational and rapid single mode
of expansion of surplus extractions available for any given
ruling class under feudalism"
(ibid., p.31)

In this sense the Pacific War, and the internal conflicts it
generated, was the logical outcome of the structural continuity of the
feudal character of the Peruvian state, whilst for Chile it was a
war of local 'Imperialism'. Equally, the Peruvian state, lacking in
national cohesion and a national army, was inevitably defeated, not only
from without, but also from within, as the crisis produced, as it did
for 20th century Tsarism:

"The exacerbation of class struggles throughout the
country, not only between exploiter and exploited, but even
within the ruling classes themselves"
(Althusser, 1969, p.96) (see Chapter 10)

1. See following section.

The pre-War Peruvian state did not enjoy autonomy, so much as lack cohesion and validity and even substance¹, expressing the contradictory nature of the social formation discussed above. As such it was a further obstacle to change, and ultimately inhibited good relations with foreign capital. Its reconstruction and regeneration, however, was accomplished via a semi-colonial relationship with metropolitan capital (enshrined in the Grace Contract). In this way, even as a fully organised state apparatus it still continued to exhibit characteristics of absolutism, and fulfilled an intermediary role similar to that during the colonial era.

C. Religion in Peru: instrument of control and expression of dissent

Whilst religion was central to Hegelian thought, Marx clearly considered it of little concern. His most detailed discussion of it is to be found in "Introduction to a Critique of Hegel's Philosophy of Law":

"The struggle against religion is therefore indirectly the struggle against that world whose spiritual aroma is religion. Religious suffering is the expression of real suffering and at the same time the protest against real suffering. Religion is the sigh of the oppressed creature, the heart of a heartless world, as it is the spirit of spiritless conditions. The criticism of religion

1. Cotler writes: 'Towards the end of the 19th century, Peru continued to be ruled by 'gamonales' and 'caudillos' who were linked to the divergent interests of different regional landowning and commercial groups, which in turn dominated the Indian population. In this sense, the social and political system was of a colonial character. No sector of the dominant class was capable of forming a national state and providing a national identity for Peruvian society.' (1979, p.273)

is thus in embryo a criticism of the vale of tears whose halo is religion".¹

(cited in McLellan, 1972, pp.186-7)

In his later writings, religion is generally ignored as an out-of-date and 'false conception', serving to mask real social relations and increasingly irrelevant to bourgeois society. His few comments on it clearly link it with pre-capitalist formations;

"the parson has ever gone hand in hand with the landlord".

(Manifesto of the Communist Manifesto in Marx and Engels, 1968, p.55)

Engels devotes more attention to the subject, and his observations provide a useful framework for discussion of the role of religion in the Peruvian social formation. He makes a clear distinction between 'primitive' beliefs, arising from "erroneous, primitive conceptions of men about their own nature and external nature surrounding them" (Feuerbach and the End of Classical German Philosophy in Marx and Engels, 1968, p.618), and the more sophisticated ideologies/religions which emerged with the development of the state, complementing the needs of that state. The simple folk religion of the Indian masses, centering on worship of the Earth Goddess, Pachamama, clearly falls into the first category, whilst the extremely elitist and oppressive character of the Inca belief-system places it firmly within the

1. Those remarks neatly express the contradictions surrounding the Indian^{and} religion in Peru. On the one hand Roman Catholicism, like the Inca state religion before it, was the state ideology used to conquer and oppress him/her. On the other hand, Christianity held out the promise of equality of humankind after death and consequently, in combination with earlier primitive superstitions, became the vehicle and expression of Indian resistance to the inequalities of white rule (cf. Pike, 1978).

category of state ideologies¹ (cf. Mariategui, 1976, pp.164-5).

Engels then proceeds to discuss the nature of religion under feudalism:

"In the Middle Ages, in the same measure as feudalism developed, Christianity grew into the religious counterpart to it, with a corresponding foudal hierarchy.... The Middle Ages had attached to theology all the other forms of ideology and made them subdivisions of theology. It thereby constrained every social and political movement to take a theological form. The sentiments of the masses were fed with religion to the exclusion of all else; it was therefore necessary to put forward their own interests in a religious guise...."²

(op.cit., p.619)

Medieval Spain was to prove the most ultramontane of all Western Absolutist states (cf. Anderson, 1979, p.61). The long Reconquest/ Crusade against the Moors had produced a relationship between Church and State that was perhaps the closest and most harmonious in

1. Pike describes the sophisticated and intellectual nature of Inca religion, which rendered it opaque and unsatisfactory to the peasants, who therefore also maintained their old deities. Central to the Inca religion was an emphasis on the 'apartness' of the elite from the masses, who even in death would go to an Underworld of torment and toil, separate from the resting place of the Inca Caste which was a paradise of Chicha, coca and women (1978, p.240). The depressing prospect of this eternal immutability of status helps to explain the ease with which the mass of Indian peasants were converted to Christianity. It was also due to the fact that Inca theology, was a state ideology of the kind identified by Engels and, consequently, the Inca Gods "could continue to exist only as long as the nation existed they fell with its fall". (op.cit., p.618)
2. The continuing relevance of these observations to Peru even in the 19th century, especially with regard to the need of the Indian peasantry to express their revolutionary aspirations through messianic movements (cf. Cohn, 1970, Chapter 10), provides an example of the medieval quality of Peruvian life.

Christendom (Mecham, 1966); and just as the Conquest of Latin America was an integral part of the development of Absolutism in Spain, and, as such, a response to the crisis of feudal profitability¹, it may also be seen as the last Crusade (Mariategui, 1976, p.169).

Furthermore, the interdependence of Church and State² was to be even closer in Latin America than in Spain, emphasising and contributing to the intensely traditional nature of the society created there.

In Mecham's words:

"Never before or since did a sovereign with the consent of the pope so completely control the Catholic Church within his dominions (but) However exceptional were the powers of the Crown in ecclesiastical matters, there is little doubt that the royal aid and supervision was of inestimable advantage to the Church in America.....

The King was amply compensated for the obligations and responsibilities he assumed with reference to the Church. Since Catholicism was indissolubly linked with royal authority, the Church was quite as effective an instrument in the conquest and domination of the Indies as was the army. It was one of the principal agents of the civil power in America for over three centuries.....

Undoubtedly the blind obedience and almost fanatical reverence of the colonials for their "most Catholic Sovereigns" were largely the result of clerical promptings". (1966, pp.36-7; my emphasis)

This reactionary alliance was perhaps nowhere more successful and necessary than in Peru (cf. Klaiber, 1977, p.8; Anna, 1975;

1. Anderson describes Absolutism as "a redeployed and recharged apparatus of feudal domination", whilst Vilar characterised the Conquest as the highest stage of feudalism (1971).
2. Initially much of the religious education was delegated to the 'encomenderos' themselves, facilitating political control of the Indians (Wood, 1980)

Mecham, 1966, p.161), where Christianity remained the ideological garb of the upper classes through into the 20th century¹, encountering no serious resistance² until the emergence of Gonzalez Prada and his circle. As Mariategui observes:

"La Revolucion de la Independencia, del mismo modo que no toco los privilegios feudales, tampoco toco los privilegios eclesiasticos".

(1976, pp.185-6)

Contemporary sources make it clear too that the church continued as an active and powerful political force in Peruvian society after Independence. For instance in 1868 the North American Minister in Peru wrote to the secretary of State that "... the Church Party controls no small part of the political power in Peru" (Foreign Relations of the United States, Hovey to Seward, 14th January 1868). Whilst Pardo's relatively mild anti-clerical measures, which largely consisted of an attempt to place state education under secular control, provoked violent resistance throughout Peru, in particular from Arequipa and the rest of the sierra (Foreign Relations of the United States, Thomas to Fish, 22nd August 1874). In 1875 a pamphlet entitled 'Starcross' remarked (unprophetically):

"The Jesuits being already banished from the Republic³, and the dissatisfied Priests having lost all their money and a great deal of their prestige in the late ridiculous attempt

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1. Even today "religion and politics are so deeply intertwined in Peru that government officials automatically seek the support of the Church without which their political influence would be seriously limited". (Klaiber, 1977, p.xi)
 2. Certain attacks on the clergy were made; for instance in 1856 the ecclesiastical 'fuero' was abolished. However, in comparison with Mexico, anti-clericalism was non-existent.
 3. Their expulsion was carried out before Independence, in 1767 (Mecham, 1966, p.40).

at revolution will now be compelled to remain quietly in their confessional boxes a lesson that will effectively put a stop to the ultramontane views of such state speculators as Pierola and his infamous partido"

(8th February 1875)

The continuing importance and strength of Catholicism in nineteenth century Peru is intimately connected to the position of the Indian peasantry and their lack of allegiance to the concept of a nation state. Stemming from this are two major issues which should be briefly considered. Firstly the implications of the specific form of Christianity adopted by the Indians, and secondly religion as a major source of institutional control of the peasants (Pesce, 1972, pp.75-6)¹.

The Christianity practised by the Indians has been described as a "syncretic fusion of animism, mother-earth worship, and 16th century Spanish Catholicism" (Klaiber, 1977, p.4). Pike (1978) notes that in fact the Catholic Church encouraged such a popularisation (which also helps to account for the easy conversion and consequent subjugation of the Indians). Since the European peasantry too combined pagan beliefs with official Catholicism, in the late Middle Ages the Catholic Church had begun to incorporate the popular legends of saints into official dogma (cf. Cohn, 1970)². In this way a

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1. In The Eighteenth Brumaire of Louis Bonaparte (Marx and Engels, 1968, p.174) Marx specifically acknowledges the importance of the Church as an arm of the state: "Another idee napoleonnienne is the domination of the priests as an instrument of government". However the oppression and poverty of the peasantry meant that they could easily "become irreligious".
 2. Corresponding to the development of Absolutism and thus representing the ideological response to the crisis of feudalism.

synthesis of poly- and monotheism was achieved (cf. Guinness, 1909) which greatly facilitated both control of the nominally Christian peasantry and conversion of the heathen (for instance the peasants in Moorish Spain). Particular use was made of the Virgin in order to appeal to the ancient Earth Mother cults. Pike writes that:

"The symbolism associated with the Virgin served both to establish religious ties between the upper and lower classes and also to strengthen the bonds of domination and dependence assumed to be providentially ordained¹.

The Spanish rulers of Peru and their post-Independence successors would make telling use of it (symbolism), nourishing to the best of their abilities the cult of the Virgin known as Marianismo".

(op.cit., pp.241-2)

However, whilst this synthesis of primitive beliefs with Catholicism was successful in its appeal to the peasants, it also transformed Christianity into an Indian 'subculture', a potential ideological framework for future uprisings. Forbes has pointed out how encouragement of the Indians in their pre-Christian rites was also beneficial financially to the church:

"The priests were only too glad to encourage the Indians in their tastes for they soon found out that the weak side of the Indian was his attachment to his feasts, for which alone he can be induced to part

1. These ties were of supreme importance since Catholicism was the sole unifying factor in the Peruvian social formation; in all other respects the state had failed to achieve national integration (see above). This was acknowledged in Bolivia after the Pacific War when the church was called upon to: "use its influence with the Indians in order to inspire them with patriotic feelings" (F.O. 61/348, St. John to Granville, 13th December 1883).

with his money.... Encouraged by the priests, the Indians of many districts are urged on to a rivalry in getting up feasts all of which naturally puts money into the pockets of the priest himself"¹.

(1870, p.41)

But the conjunction of the realities of the superexploitation practised on the peasantry by the white elite, including the Church, with the potentially subversive mixture of Christian egalitarianism² and pre-Conquest cults, could be a revolutionary force. Furthermore, since white society deliberately excluded the Indians and generally dealt with them through the mediation of the Indian 'caciques' (as well as the 'mestizo' priests), there was scope for these to act as shamans/populist leaders who both held the key to 'pure', uncorrupted Christianity and had knowledge of the Indian Gods (Pike, 1978, p.244). There is a clear relationship between the servitude of the Indians and their degree of independence of the religious authorities in an area. A situation in which dependence was placed on a local cacique, rather than the priest, as the broker with 'Spanish' society, was

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1. Obviously this was not the only way in which surplus was extracted from the peasantry by the Church. Numerous devices, common to all feudal societies, were used. Guinness, discussing the abuses perpetrated by the landlords and merchants on the Indians (specifically the forced sale of wool by the method of 'reparto forzoso'), goes on to enumerate the extortionate devices adopted by the priests:

"A curacy is the monopoly of the fees of the district for marriages, baptisms, and other ceremonies, and the priests extort from their flocks exorbitant sums. Heavy burdens are put upon the faithful in the form of tithes The men are ruined by their term of forced service for the priest, being obliged to purchase themselves everything which he demands during that time.... The forced service of the women to the priest is known as the 'mitta'...." (1909, pp.201-2)

These mechanisms, generally enshrined in law, were clearly part of the general policy forcing the Indian to participate in the wider market (cf. Pesce, 1972, pp.79-80).

2. This was one reason for the prohibition of access to the bible by Catholic authorities throughout Latin America, and the violent reactions to protestant evangelism.

also one which facilitated both his emergence as a shaman and the development of (Indian) nationalistic/millenarian movements (cf. Yu Zubritski, 1979). Obviously such movements were most common at times of greater pressure on the Indian communities, due to the penetration of market forces - for instance the Tupac Amaru revolt in the 1780s, and the uprisings during the Pacific War (cf. Chapter 10). Ironically, when such uprisings occurred, the Church, although it had contributed to the oppression which had generated such revolts, always played as great a role in the pacification and defeat of the Indian, as did the army (Klaiber, 1977). In a sense then the Church could be said to be more of a national state than the republican state itself¹, and generally represented both an effective mechanism of exploitation and means of control over the Indians. On the other hand the fact that the State's functions were thus visibly divided² both exemplified the divisions within and weakness of the upper classes, who were unable to unite in combining negotiation with foreign capital and control of the peasantry.

In summary, both the central importance of religion and the close relationship between Church and State in 19th century Peru, illustrates the continuing vitality of its pre-capitalist characteristics, whilst also determining the nature of class struggles. In turn, these

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1. Guinness writes that up until the 20th century, "legislation in Peru has been subservient to the requirements of Canon Law" (1909, p.245).
 2. This was clearly demonstrated during the 19th century by the inability of central state power to extend into the highlands.

factors constituted formidable obstacles to any liberalisation¹, or even integration of the Peruvian social structure, since the folk religion of the Indians had become a subculture based on their own traditions, to the exclusion of the rest of society, whilst 'official' Catholicism specifically aimed to maintain their subordination and 'separateness'.

1. For instance Prado's government was defeated in 1867 partly because the new constitution which it promulgated embraced a large number of liberal ideas, some of which specifically infringed the Church monopoly of education. These provoked a revolution (Maiguaschca, 1967, p.160).

CHAPTER 4 :THE ORIGINS OF COLONIAL PERU

A. Introduction

This chapter and the two that follow it comprise a section that will present a synthesis of the historical processes involved in development of the Peruvian social formation; both charting the chronological topography of the War of the Pacific and also analysing some crucial aspects of the interface between the external and internal influences on the Peruvian economic and social structure. Consequently, part of this discussion must focus on both the pre-Columbian and medieval Spanish social formation, and the nature of their fusion in the colonial era. Also central to the analysis is the changing nature of Peruvian relationships with foreign powers - both metropolitan nations and other Latin American states. Part of the section (Chapter 6) will therefore deal with the balkanisation of the Latin American economy that took place after Independence, as intra-regional commerce and links dissolved before imperial capital. Out of the new, neo-colonial relationships there developed a system of intra-oligarchic politics, dominated, on the West Coast, by a Chilean-Peruvian rivalry which was focussed principally on Bolivian territory. The relationship between the Chilean and Peruvian elites will therefore form a part of the discussion, since it not only serves to highlight the dialectic of unity and diversity underlying South American balkanisation, but also provides an insight into the nature of state and class formation in 19th Century republican Peru, together with the nature of the

requirements of British capital; it was also, of course, the immediate cause of the Pacific War.

In this way these chapters, while partially based on primary research, principally employ secondary material and will form a bridge between the preceding theoretical prospectus, and the main empirical work on the War of the Pacific. They will focus on analysis of the actual mechanisms, both internal and external, which underpin the relations of dependence and underdevelopment.

A methodological note; for convenience, I will be using a number of 'middle-order' terms and categories such as 'patron-client' relationships, but these should be addressed within the Marxist framework I have outlined above, rather than the functionalist framework in which they are often used.

Marx always asserted that, in order to understand a given social structure, it was imperative to analyse the preceding relations of production, since they not only shaped the forms of the new social relations, but would also linger on, within the new mode of production.¹ This meant that each society undergoing change would inevitably pass through a transitional period when neither mode of production predominated. Spanish policy was designed to deliberately retain elements of the Inca social organisation, whilst in the 19th Century aspects of the capitalist mode of production were established and co-existed with pre-capitalist social relations. This 'scission' (Yepes 1974), which characterised the entire Peruvian social

1. For instance, see Grundrisse, 1973, pp.100-107

formation, was actually reinforced during the 19th Century by Metropolitan capital, and rendered the process of change and modernisation especially difficult and uneven. Writing at the beginning of the 20th Century, Mariategui observed that Peruvian society continued to exhibit features of the influences which had shaped it, appearing to express the idea of a long-standing transitional social formation. His view, as expressed below, approximate very closely to the concept of an articulation of different modes of production:

"en el Peru actual co-existen elementos de tres economias diferentes. Bajo el regimen de economia feudal nacio de la Conquista subsisten en la sierra algunos residuos vivos todavia de la economia comunista indigena. En la Costa, sobre un suelo feudal crece una economia burguesa que por lo menos en su desarrollo mental, da la impresion de una economia retardada." (Mariategui, 1976, p.28)

But since these non-capitalist and capitalist forms appeared to be so entrenched, intertwined and interdependent, he attributed to the resultant social formation a degree of permanency; the contradictions within Peruvian society could not be resolved, due to the tenacious links between the 'bourgeoisie' and servile relations of production. Indeed, he denied the emergence, in the 19th Century, of a true bourgeois class:

"en el Peru no hemos tenido en 100 anos de republica, una verdadera clase burguesa, una verdadera clase capitalista. La antigua clase feudal - camuflada o disfrazada de burguesia republicana - ha conservado sus posiciones...." (1976, p.51)

Other Peruvianists (Basadre 1969, Bravo Bresani 1970, Bonilla, 1970) also appear to subscribe to this viewpoint, whilst Bollinger (1977) appears over zealous in his discovery of a bourgeois revolution in

early 19th Century Peru. The problem is extremely complex, since the logic of a denial of the existence of a bourgeoisie in 19th Latin America (cf. Dale Johnson, 1972) could lead to the positing of the existence of a new mode of production - the colonial or neo-colonial mode of production. (see Hamza Alavi, 1975 and Roxborough, 1979). But whilst the clear evidence of survivals in Peru of previous social relations and cultural forms have helped determine its structural evolution, and must therefore be analysed, they cannot be seen to represent, a new mode of production, since in fact they have not created new, autonomous class forms. However, the hybrid colonial structure that was created by the Spanish can be shown, as a combination of different social relations, to represent a particularly lengthy, complex and eclectic form of transition or historical trajectory. Bartra (1982) and Yepes (1974) provide a particularly useful starting point here in their discussion of the 'determined' nature of capitalist development in Latin America, which requires the constant 'refunctionalisation' of the preceding non-capitalist forms. In this light, let us now examine the origins of colonial Peru.

B. The pre-Columbian mode of production

There is clear evidence that, despite official Inca claims to have established 'civilization' in the Andean area, the Peruvian-Bolivian-Ecuadorean regions had in fact produced several groups that had achieved sufficient surplus to permit the emergence of a specialised division of labour, and a state structure¹. Indeed

1. For instance, Moche society, the Tiahuanaco culture, and the Chimú state.

the specialisation and cultural achievements of preceding Indian groups made possible the establishment of the Inca Empire (Lanning, 1967), many features of which closely resembled earlier systems. It would appear that the Inca achievement was principally the unification, by conquest, of the diverse groups in the area, followed by their organisation into an integrated and highly controlled system, which in turn permitted the intensification of previous forces and relations of production. (Dieterich, 1982, pp.114-116). In fact, the Inca and the Aztec and Maya civilisations all represented the culmination of an increasingly unified historical progress within Latin America, the continuity of which was broken by conquest.

The fundamental unit of social organisation and production of the region, which long pre-dated the Incas, was the 'ayllu', which was based on communal usufruct of the means of production. The 'ayllus' were settlements based on kinship relations, being composed of several families¹ all of whom had, or claimed to have, descended from a common ancestor - sometimes an animal. The kinship networks formed the pervasive basis of social relations, essential to both the 'economic constraints of agrarian activities' and reproduction of the productive unit (Meillassoux, 1978, p.160). The whole fabric of this social structure achieved integrity through religious symbolism², the 'huaca' (monument) to the legendary ancestor was generally venerated at the centre of the

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1. Carmen Deere's work has demonstrated that there were variations to this pattern; in Cajamarca, nuclear families formed the basic social and productive unit, and the dominant tenancy pattern was that of individualised smallholdings. (1977, p.51)
 2. Melotti identifies this pre-eminent role of religion as being a key feature of what he describes as the Asiatic tradition. (1977, pp.70-71).

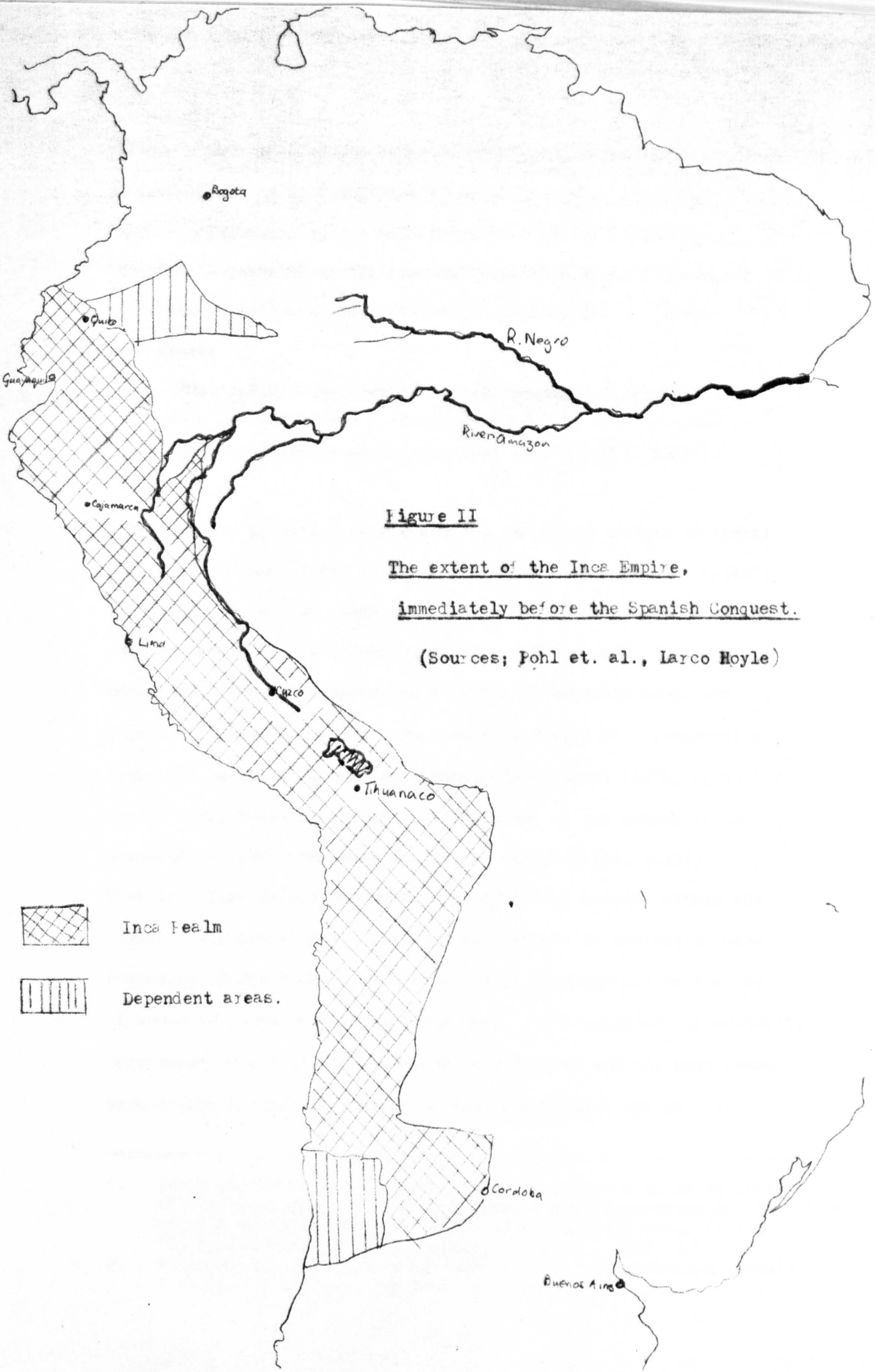


Figure II

The extent of the Inca Empire,
immediately before the Spanish Conquest.

(Sources; Pohl et. al., Larco Hoyle)



Inca Realm



Dependent areas.

village - thus reinforcing the community's social cohesion. The rather closed and self-sufficient nature ¹ of the 'ayllu' was further accentuated by the widespread practice of endogamy, in itself an expression of the communal ownership of land and the necessity of co-operative relations of production. Castro Pozo wrote:

"The 'ayllu' consisted of several monogamous families who were descended from a common ancestor and who continued to practice endogamy as an ancestral law." (1963, p.484).

The lack of private property and the reciprocal nature of social relations led many later observers to idealise the Andean 'ayllu'; intellectuals such as Campanella and Marmontel described it as the 'perfect society' (in Guidoni and Magni, 1977, p.105). For Mariategui, too, it represented an ideal of agrarian communism which, in its 20th Century form, could be viewed as a progressive force for national social and economic development (1976, pp.55, 80-2); Marx, however, saw the classlessness of the community as endowing it with a backward and static nature (1964, p.75). ² However, class relations could be said to have existed within the 'ayllu'. Extra-economic coercion and methods of domination were concealed within kinship relations, which also centred on the use of women as counters to form alliances. Such relations of authority were based on a division of labour according to age and sex; women were always of inferior status in such communities and used as

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1. Their self-sufficient character was facilitated by ayllu control of different ecological zones, since Andean topography and therefore climate varies to such an extent within a small area. (Murra, J. "An Aymara Kingdom" Ethnohistory, 15, no.2., 1968, p.121)
 2. Although his correspondence later in life with Zasluch reveals a change of opinion. (in Marx and Engels, 1965, a)

objects of exchange - although not as Levi-Strauss (1972, p.61) has maintained, - as a natural, biological law arising out of the exchange of language, but as a function of the relations of production, (Young and Harris, 1976). This is not however to deny the generally static nature of such socio-economic units.

The politico-religious administration of the village was carried out through a hierarchy of offices (S. Brush, 1977, pp.63-68 and B. Mishkin, 1963, p.441) headed by the council of male elders, led by the 'curaca'. This stratification arose from the actual process of cultivation which, while demanding co-operation, was also dominated by the older males of the work-team, who had been involved in the work processes longest and therefore possessed valuable knowledge. This differentiation was expressed in and legitimised by the system of offices which males held from boyhood, each office bringing new knowledge of ritual (Father Pablo Jose de Arriaga, 1621, in Romero and Urteaga, 1920, Vol. I).

As productivity had risen in the Andean area, economic contacts and cultural interchanges between 'ayllus' increased, eventually giving rise to the establishment of groupings of villages based on a theocratic system, which, in turn, evolved into regional-state structures, Meillassoux (1978), in his discussion of peasant organisations, observes that when the amalgamation or domination of such communities occurred, social and economic relations continued to be expressed in terms of kinship:

"The sovereign is assimilated to a senior or the father. He is entitled to 'eat' his subjects as his own children, that is to receive part of their labour or the product of

their labour. Conversely he is expected to protect them. Such relations are often supported by an ideology which relates people to a mythical single ancestor and to a common descent group." (1978, pp.166-167).

When, as was the case with the Inca Empire, it was one group subjugating another, or others, it would be possible to talk in terms of a class system and a state. Furthermore, in such a situation:

"Kinship is transformed ... into an ideology whose 'raison d'etre' is not so much to express the relationships generated from the growth and organisation of the society as to justify and even support a domination imposed from outside When kinship reaches a religious dimension, it may gain enough strength to be considered as the basic justification for domination and exploitation." (ibid, p.167)

By the 14th Century the Inca tribe had succeeded in producing a large enough surplus to support a more sophisticated and stratified society dominated by a strong military and religious superstructure, which appeared as a state bureaucracy. The Inca military superiority enabled them to appropriate the agricultural surplus of surrounding areas and so, gradually, to subdue their principal rivals, such as the Chimu State, and establish an empire. This empire, Tahuantinsuya, contrived to use as its basic unit the communal 'ayllu', but modified its social structure. The 'curaca' now had to be acceptable to the Inca authorities, since he had to enforce the new economic demands on the village. Part of the village's communal lands was expropriated and transferred to the Inca state or priesthood. (Hildebrando Castro Pozo, 1963, p.483). The lands they retained now no longer belonged to the village but to the Inca, although usufruct rights remained the same. Surplus labour was extracted

by forced labour, (the 'mita') on the state and religious lands, and on the great public works of the empire. Furthermore, villagers had to also work the lands of the 'curaca', thus formalizing the class barrier. (R. Larco Hoyle, 1971 and V. W. Von Hagen, 1977). A further form of surplus appropriation and method of domination was to be found in the practice of 'mitimaes' (forced migrations), whereby whole populations were transferred from one region to another. This was sometimes carried out in punishment for rebellion, but often simply in order to effect major construction projects, or the colonisation of new areas. It appears too, that an important element of the social structure of Tahuantinsuya was composed of slave labour - criminals and prisoners of war known as 'Yanacunas' (Yu Zubritski, 1979, p.54).

The surplus produced by these various exploitative mechanisms was sufficient to allow for the construction of monumental public works, which generally served the purpose, directly or indirectly, of reinforcing the power of the ruling caste. Marx perceived one of the fundamental aspects of the Asiatic mode of production as being the necessity of carrying out sophisticated technological projects in order for increases in productivity to occur. (1964, p.72). However, since the organisation of such major economic projects could not be undertaken by individual communities, forms of centralised power ("oriental despotism", Marx, 1964, p.70) would appear that could organise such public works. The consequently dominant role of the state and the dominant class in production further strengthened the state, which in turn bolstered its power by the erection of stupendous religious monuments.

bastales que aprendan los oficios de sus padres."

While Inca Pachutec proclaimed that:

"Los gobernadores deben advertir y mirar cosas con mucha atencion La primera, que, ellos, y sus subditos guarden y cumplan perfectamente las leyes de sus Reyes..."

(de la Vega, Vol. II, 1959, pp.99-100)

Ideological oppression was mitigated by care taken for reproduction of the labour force. Part of the surplus food product was stored in granaries for times of hardship, and to support, the poor, the old and the sick. Such policies, together with the efficient organisation of the empire, were further reasons for the admiration expressed by many Peruvianists. (Valcarcel, 1943, Mariategui, 1976, Castro Pozo, 1963) for Tahuantinsuya. However it is clear that the Inca Empire was a class society, not only within the 'ayllu' , but in terms of its overall structure.¹ It was based on a complex division of labour and specialisation, and dominated by a tribal aristocracy/bureaucracy - a caste of priests, warriors and administrators, whose independent class nature was disguised by their bureaucratic and religious functions, (Mandel, 1971, pp.30-54), but who were exempted from all work and who had the right to extract tribute and mandatory work from those over whom they exercised power.² (Godelier, 1978). This 'aristocracy' was

1. Dietrich writes: "... the Incas inherited ... a system of patrilineally organised exogenous clans in the process of transformation toward private property as well as a strongly centralised political force. This naturally signifies the existence of an incipient class system....."

Both developmental tendencies were systematized and essentially modified during the period of Inca domination." (1982, p.116).

2. Other privileges differentiated the elite from the masses, such as the wearing of special clothing, and, above all, access to women. The Inca, however, was especially raised above all other mortals by a variety of mechanisms which included the right to marry his own sister and the burning of his clothes after each wearing. (Zarate, 1968, p.51).

composed of members of the Inca 'ayllu' and heads of other tribes - the 'curacas' - now integrated into the Inca elite (Castro Pozo, 1963, p.483). The relationship to production of this elite therefore resembled that of feudal lords.¹ All were entitled to tribute (which could be paid in the form of labour services, food or craft goods); senior Incas, prominent military men, noble officeholders and chiefs also held individual rights over land, which they governed. (L. Randall, 1977, p.10). Consequently, it would appear that, while kinship relations continued to be crucial and to be used ideologically to express Inca hegemony, they in fact played a secondary or complementary role, as formal structures, specifically the state and its dependent bureaucracy, emerged as the dominant social forces of Tahuantinsuya. Castro Pozo noted that:

"Under the Incas the old obligatory services came to be thoroughly regulated by the State Government." (1963, p.486).

The dominance of state and bureaucracy in turn reflected the progress of the productive forces represented by Tahuantinsuya, which had, while being built on primitive communal forms of production, resulted in increased complexity of the superstructure. (Bankes, 1977, pp.110-112). However such a complex superstructure tended to reinforce the static aspects of Peruvian society.

When Pizarro and his expedition arrived in Peru in 1532 they

1. There were important differences, though, such as the absence of a contractual relationship between peasant and lord, and the lord's lack of autonomous sovereignty, which made Tahuantinsuya more resistant to further evolution.

found a highly centralised and efficiently administered ¹ society. Despite the lack of writing, the wheel or money the Incas had constructed an integrated economic system and had achieved a 'superb craft tradition'. (Bankes, 1977, p.196). It would appear, however, that in comparison with 16th Century Spain, or Aztec Mexico, Tahuantinsuya was not really an urban civilisation, but rather exhibited what Marx called that 'unity of agriculture and craft manufacture....' (1964, p.83). As a result of this and the crucial lack of money, trade was far less than in contemporary Mexico or Spain, ² despite the considerable degree of specialisation of labour that had been attained. Castro Pozo observed that :

".. there was no money and needs were satisfied through barter or exchange." (1963, p.485).

and it appeared that the majority of the population barely lived above the subsistence level. (L. Randall, 1977, p.16). Production was therefore in general not aimed at the market, but was directed towards satisfaction of the community's needs and to fulfillment of tribute requirements. In this sense, even the economy of the empire as a whole, and certainly that of the individual community remained predominantly natural in character. The emergence of the

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1. Tahuantinsuya was organized on a decimal pyramidal pattern, at the base of which was the male worker; ten workers were then controlled by one foreman; ten foremen were in turn supervised by an official, and so on, the hierarchy continuing to the chief of the tribe (10,000 workers), to the governor of the province, and to the ruler of one of the four quarters of the Inca empire, and finally to the Sapa Inca himself. (Yu Zubritski, 1979). This centralised organisation exemplifies one of the major differences between the pre-Columbian and medieval Spanish social formations and enabled the Incas to produce a sizeable surplus, despite the low level of technological development and poor labour productivity.
 2. Nevertheless, Lanning writes: "There was an interchange of goods and ideas across the central Andes such as had never been seen before..." (1967, p.127).

Inca state and the consequent exploitation of the communities had not fundamentally altered either the character of property relations, the nature of the economy or the forms of extra-economic coercion employed to appropriate surplus, despite the sophistication of the administration. Lenin, in his discussion of empires such as the Inca and the Aztec, concluded that the genesis of the development of capitalism was not likely to be found in such tribute societies. (Lenin, 1917, pp.97-8). Economic dynamism seems likely to have been stifled by the persistence of communal property and relations of production, by the unity of manufacture and agriculture, by the relative lack of trade and urban life, by the absence of money and by the apparently low level of class consciousness due to the hidden nature of class forms. Furthermore the centralised political organisation of the society not only absorbed all the surplus, leaving few opportunities for private primitive accumulation, it also reinforced the static, ordered nature of the social organisation.

C. Medieval Spain

Interestingly, some aspects of 15th and 16th Century Spanish society, seem to have resembled certain of the features of Tahuantinsuya described above, quite apart from the cultural and social heritage of the Muslim colonization, the structure of which clearly resembled the Inca social formation. (see Ervand Abrahamian, 1975). It would appear that in some parts of the Hispano-Christian world (notably Asturias) various forms of communal landholding and associative relations of production predominated. According to

Payne:

"The need for co-operation and division of responsibility for defense and the civil order was generally accepted ... Most land was held in a kind of condominium, part of the usufruct going to the overlord - whether aristocrat, church or crown - and part to those who worked on it or otherwise 'owned' it..... Associative arrangements functioned not only between members of hierarchic relationships but on the co-operative level of peasant village communes and pastoral associations as well...." (1973, p.45.)

Furthermore,

"... the medieval Hispano-Christian family was also organised along communal and associative lines." (ibid, p.45)

The above passage describes a social organisation clearly similar to that of the 'ayllu', and Payne stresses the persistence of such traditions, even after their formal abolition. Moreover Christian Spain, like Inca Peru, was a rigid class society based on the exploitation of immobile peasant labour. The social basis of both societies was kinship relations, ties of personal dependence ¹ and, above all, religion. The eight centuries of reconquest had accentuated the role of religion and the military ethic in Hispano-Christian society to a far greater degree than in other, contemporary West European feudal formations, bringing it closer to the essentially religious/military character of Tahuantinsuya. Furthermore, by the time of the Conquest of Peru, Spanish political organisation had assumed the form of a centralised absolutist state, - the first Absolutist State of Western Europe. ² This state, like the Inca

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1. J. H. Elliot writes "... it was a society held together by ties of kinship, clientage and obligation; a society in which the community had precedence over the individual..." (1973,p.113).
 2. Perry Anderson, 1979, pp.60-84;also, Elliott, 1973.

state, did not rule over a homogenous society, but one known as 'The Spains' - differentiated by a variety of political and religious experiences, divided by formidable geographical barriers, and by linguistic differences. Again, like Tahuantinsuya, the Hispano-Christian state was held together by religion:

"To be Spanish was to be Catholic Catholicism became and remained the prime agency of political socialisation."
(E. Ramon Arango, 1978, p.10)

Spain, at the time of the conquest of Peru, was consequently not a classicly West European feudal society, and was certainly not capitalist, or even, despite the transitory economic dynamism of certain regions, in the process of becoming capitalist.¹

It may perhaps be characterised as a hybrid and eclectic social formation, and this was reflected in the form of society which it created in Peru. Highlighting the disparities in, and centrifugal nature of, the Spanish social structure and its inevitable impact on South American colonization, Oviedo y Valdes commented:

"... although those who came to America were vassals of the kings of Spain, who could produce unity between a Biscayan and a Catalan who came from such different provinces and languages? How can an Andalusian get along with a Valencian, a man from Perpignan with a Cordoban, an Aragonese with a Guipuzcoan, a Gallician with a Castilian, an Asturian with a Navarrese." (in Stein and Stein, 1974, p.12)

1. Luis Vitale's (1971) assertions concerning the capitalist character of medieval Spain appear as misguided as Frank's similar observations on 16th and 17th Century Latin America. (1971, 1972, etc.).

D. 16th Century Spain and the colonization

The different historical experience of the Iberian peninsula may be traced to early on in West European history. Anderson notes that:

"Spain and Gaul remained the Roman provinces most deeply marked by slavery down to the final end of the Empire."
(1978, pp.63/4).

and that this feature persisted with the Visigothic invasions:

"In the Mediterranean west, rural slavery continued to be a major economic phenomenon. Visigothic Spain, in particular, seems to have contained exceptionally large numbers of slaves."
(1978, p.119).

furthermore slavery continued to exist throughout the conquest, as Muslim captives were enslaved.

Clearly the Muslim invasion and colonisation in the early 8th Century formed another radical break with the mainstream of West European development. Moreover, the effect of the invasion was not only to introduce an oriental aspect to Spanish civilization, but it also broke the Romano-Visigothic framework of the state. This produced a resurgence in the unconquered regions (Asturias) of the former primitive civilizations, which had been based upon communal principles, known as 'foral' democracy. (E. de la Souchère, 1962, p.35.). The survival of the 'fueros', (customary laws), right up until the 18th Century in certain areas of Spain, undermined the sovereignty of the state and the unity of Hispano-Christian society. As the Reconquest of Spain had proceeded, frontier castles and settlements were established which became self governing under the 'fueros'. As a result these 'laws' came

to express not only rights that had emerged organically through custom, but also established contractual guarantees of self government. Furthermore, as they therefore played a significant part in the Christian recolonization of Spain, they became a part of the political tradition in most of the peninsula, (de Moxo, 1978, p.18), with the notable exception of Andalusia. The original egalitarian nature of foral democracy was however largely undermined also as part of the Reconquest, since freemen tended to seek the protection of powerful lords, and consequently much of the Spanish social structure came to resemble a 'loose' version of West European feudalism.¹ As a result, after the Reconquest, the persistence of the 'fueros', largely in the hands of the local nobility, came to be a weapon against the centralising pressure of the king. The Reconquest had necessitated unity and the acceptance of one overlord, which had resulted in Spain establishing itself as the first European nation-state. But the very process of the Reconquest had also caused the spontaneous development of a variety of feudal relations, and determined their form. Feudalism therefore had spontaneously developed in Spain out of the crusade against the Moors, rather than as a result of the fusion of barbarian and imperial societies, and such a development naturally vitiated against a concentration of sovereignty in the person of the monarch. The unification of Spain was therefore in many ways a paradoxical and premature development; indeed, an unnatural development prompted by exogenous factors rather than internal evolution. Payne has observed interesting similarities between

1. Payne notes the development in the Asturias, by the 10th Century, of a "semi-feudal political structure." (1973, p.36).

the Spanish Empire of the 16th Century and the 10th Century Iberian Caliphate, both of which were, in his view:

"launched before their respective societies had reached their fullest cultural development. Both emphasised imperial expansion and foreign issues to the detriment of internal problems. Neither achieved a fully integrated civic entity." (Payne, 1973, p.30).

And, since the formation of the Spanish nation-state was premature, and achieved through, and because of, a religious-military crusade, the continued pursuance of such foreign issues was, of course, vital for the existence of that state.¹ In Ramon Arango's words:

"modern Spanish history is an account of unsuccessful attempts to sustain a viable nation-state. It begins in 1492....." (1978, p.9.).

Marx also observed the paradoxical nature of Spanish history:

"... how are we to account for the singular phenomenon that, after nearly three centuries of a Habsburg dynasty, followed by a Bourbon dynasty - either of them quite sufficient to crush a people - the municipal liberties of Spain, more or less survive? That in the very country where of all feudal states absolute monarchy first arose in its most unmitigated form, centralisation has never succeeded in taking root?" (Marx and Engels, 1939, pp.24-5, in Anderson, 1979, footnote 69-70).

The fundamental weakness of the Catholic kings was demonstrated by certain crucial failures, which would be significant factors in the failure to evolve a modern state; specifically, their

1. Again, this represents an interesting parallel with Tahuantinsuya, which was not a homogenous state, but one cemented by religion, military expeditions and ideology, and at the time of conquest was torn by civil war. (Zarate, 1968, pp.56-61, Prescott, 1937, pp.202-214).

inability to attack the bases of the noble class, which had thoroughly consolidated itself in the 14th and 15th Centuries throughout most of Spain. The general pattern in Western Europe was the establishment of the nation state involving the subjugation by the monarchy of the aristocracy, and the destruction of the parcellised sovereignty inherent in the feudal structure.¹ This was generally accomplished partially through an alliance with other classes - usually the burghers and/or lesser nobility. However, in Spain, a reactionary alliance was forged between the higher nobility and the sovereign, which ultimately undermined central state power, since it enabled the nobility to control the towns. This development was bound up with the final years of the Reconquest and the colonisation of the South. Arango notes that in the South, the traditions of the 'fueros' were, naturally, extremely weak, and, moreover, that as the area was conquered the:

"... kings gave vast tracts of land not to pioneers but to the Church, to the nobility and to the military orders"
(1978, p.15)

Certainly the agrarian order which emerged in these regions was characterised by far more repressive seigneurial relations than in the North, and little peasant or 'comunero' freedom, and the extremely powerful nobility that established itself subsequently came to dominate the Spanish polity. (S. de Moxo, 1978, pp.20-27). Anderson has described how the process of colonisation of Andalusia

1. Moreover, "The long period of the successful and multiform exploitation ended, at any rate in most West European countries, between the middle and the end of the 14th Century...", thus greatly weakening the power of the landowners. (R. Hilton, 1978, p.27).

set the pattern for many parts of Spain, as their oppression of Moslem peasants depopulated the land, causing an acute labour shortage, which was then met by the reduction of the rural labour force to serfdom:

"The new Southern pattern now reacted back on Castile: to prevent a drainage of labour from their estates by the wealthier Andalusian aristocracy, the Northern hidalgo class fastened increasing ties of dependence on its peasantry, until by the 14th Century an increasingly similar villein class had emerged throughout most of Spain." (Anderson, 1978, p.170).

But, although clearly such a development was both a retrograde step, and threatening to the kings of Spain:

"The Castilian and Aragonese monarchies, neither of them yet wholly consolidated institutions, nevertheless reaped substantial benefits from this feudalization of their warrior aristocracies. The traditions of military fealty to the royal commander were reinforced, a powerful yet loyal nobility was created, and a servile peasant class stabilized on the land." (1978, pp.170-171)

On their side, the feudal ruling classes were able to use the mechanisms of central state power to facilitate the extraction of surplus from the peasantry and maintain them in a position of subordination, (C.Hill, 1978, p.121). Payne too (1973, p.151) has commented on the fact that in Castile, which became the principal base of the monarchy, and as overlord of which Isabella claimed South America as a personal fief, no progressive union of the lower nobility and "upper middle classes" took place. Instead in the first decades of the 15th Century, the nobility and Church effectively achieved immunity to most taxation, and domination in the Cortes, while the towns had been defeated

in the comunero rebellion (1520-1). This early suppression of bourgeois freedoms distinguished the Spanish monarchy from its West European counterparts.

Other aspects of the predominance of a noble culture continued to be influential. Instead of an economic or intellectual bourgeoisification taking place, the psychological traits which had evolved out of the Reconquest, such as extreme religious fanaticism, obsessive concern with 'limpieza de sangre' and white skin, and glorification of the military 'hidalgo', became mythologised and entrenched as a defence against change. Just as feudal relations and ideology were being dismantled, or at least adapted/subordinated to the needs of petty commodity production and mercantilism, in previously more orthodox feudal formations ¹, in 16th Century Spain, the creation of the state and the conquest of the Americas breathed new life into such structures and attitudes. Elena de la Souchère (1962, p.45) notes the fantastic expansion of the 'hidalgo' class that took place immediately after the Reconquest (and as a result of it); significantly, the caste of 'hidalgo' forbade to its members all manual work or even commercial enterprise.² (J. Read, 1974, p.238). At the same time, a further consequence of the Reconquest was the expulsion from Spain of the Muslims and Jews, among the most progressive and dynamic commercial elements of the Spanish population.

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1. Bloch has commented on the difference between countries in which feudalism was imposed and those where, as in Spain, it emerged spontaneously. In the latter..."the feudal regime was never able to attain the systematic character that hardly belongs to any but institutions formed fully accoutred and thereby unembarrassed with survival." (1963, Vol.6, p.208).
 2. Lima, as the affluent viceregal centre, inherited this aristocratic culture with all its prejudices. (cf. Bonner 1978).

The above discussion of characteristics of the 16th Century Spanish social formation is part of an attempt to understand the nature of the society which was developed in colonial Peru. The conclusions are confusing and often appear contradictory. We have noted parallels, some stemming from ancient traditions of Spanish society, with aspects of Inca society. However, in other respects Catholic Spain and Tahuantinsuya were clearly extremely dissimilar, and, therefore, the Spanish colonization was to represent a break in the potential trajectory of the pre-Columbian mode of production. But equally, because of the curious nature of the Spanish social formation, the historical evolution followed by West European feudalism appeared closed to Spain, and especially so to colonial Peru, composed as it was of the most reactionary elements of both societies, and dependent for its reproduction on Western Europe. In V.G. Kiernan's view, 16th Century Spain:

"... in spite of ... purging and purifying, still looked half Eastern in manners and temperament." (1972, p.9).

while Anderson has observed that:

"the matrix of Spanish medieval society was always a unique one." (1978, p.168)

It was a society made up of a mosaic of repressive labour systems, whilst retaining, in some parts, communal freedoms; pluralistic, yet held together by royal absolutism and Catholicism.

These different types of social and economic organisation were transplanted to South America, with some modifications and orientated to export markets, along with the rigid, centralised system of administration. Payne writes:

"The unique achievement of colonial Hispanic society was the development of an original hybrid society, but it was not a dynamic society. It was rather a kind of colonial feudalism which recreated, often in more extreme forms, many of the problems of the peninsular expansion, and grew only more severe afterwards.... the worst aspects of aristocratic dominium in the peninsula were reproduced socially and psychologically in Hispanic America." (Payne, 1973, p.204)

this verdict applied particularly to Peru, as the centre of the Spanish American empire.

CHAPTER 6 : THE CONQUEST AND FORMATION OF COLONIAL PERU

A. Early Colonial Peru

The Hispano-Christian Reconquest imbued Spanish society with a temporary exuberance and dynamism which, in fact, far from ushering in a Golden Age, was to be very shortlived, but which resulted in the discovery and colonisation of South America. This period of exploration expressed the expansion of petty commodity production and the dominance of mercantilism and represented for most of Western Europe, the beginning of the transition to capitalism; indeed, by making possible the primary accumulation of capital, it was a prime factor in that transition. In Spain, however, the wealth, generated primarily by Peru and Mexico, disappeared in the pursuit of the classic feudal preoccupation of endless warfare; and permitted the accentuation of the reactionary features in the Spanish formation noted above, with similarly stultifying consequences for Latin America. Despite the existence in 15th Century and 16th Century Spain of dynamic centres of simple commodity production and mercantile activity (notably in Catalonia), these centres increasingly decayed, and, by 1600, Spain was dependent on the economies of England, France and Holland. Anderson has written:

"Conducted and organised within still notably seigneurial structures, the plunder of the Americas was nevertheless at the same time the most spectacular single act in the primitive accumulation of European capital during the Renaissance. Spanish Absolutism thus drew strength both

from the inheritances of feudal aggrandisement at home and the booty of extractive capital overseas. There was never, of course, any question as to the social and economic interests to which the political apparatus of the Spanish monarchy principally and permanently answered. No other major Absolutist State was to be so finally noble in character, or so inimical to bourgeois development. The very fortune of its early control of the mines of America disinclined it to promote the growth of manufacturing or foster the spread of mercantile enterprise within its European empire." (1979, p.61.) (my emphasis)

Not surprisingly, therefore, although the conquest by Spain and Portugal of South America incorporated and integrated Peru into the European mercantile system, the motivation behind Iberian expansion was not primarily that of dynamic burgeoning mercantile economies. The voyages of discovery and conquest were carried out by rootless individuals - military adventurers displaced by the final cessation of the long wars against the Moors. These men sought new crusades and fresh sources of personal booty.

| Prescott comments on the mixture of motives driving the crusader:

"Gold was the incentive and the recompense, and in the pursuit of it his inflexible nature rarely hesitated as to the means. His courage was sullied with cruelty, the cruelty that flowed equally from his avarice and his religion,..... the religion of the Crusader" (1937, p.117).

and he contrasts the nature of the Iberian colonisation, carried out in:

".... the most uncompromising spirit of intolerance - the spirit of the Inquisitor at home and of the Crusader abroad..."

with that of the settlement of North America, which was motivated by the desire for:

"... independence religious and political." (1937, p.117).

Mackay, too, emphasises the similarities between the Conquest and the Reconquest:

"The lust for gold was as strong as it had ever been, and the conquistadores continued to invoke the help of Santiago.... (the warcry of the crusaders against the Moors)in battle" (1977, p.211).

The expedition to South America must therefore be viewed as forming a logical continuation to those of the individual crusaders seeking adventure and wealth in a feudal relationship with the Crown against the Moors, and the personal relationship with the monarch was long retained. This is, of course, not to deny the drive within Spain to discover new trade routes and new sources of wealth, or to present a picture of Spanish society untouched by commercial impulses. Clearly merchant capital had developed within Spain, however, as noted earlier, merchant capital is linked to feudal productive relations and need not be a revolutionary force. In order for it to lead to a progressive transformation of pre-capitalist relations, there must exist many preconditions - such as an alliance between burghers and small gentry.¹ As Merrington has argued, there is not necessarily an antithesis between feudalism and trade, town and country (1978, p.185), and this was most clearly borne out by the Peruvian colonial social formation. Mercantile capital in Spain, was, on the whole, a reactionary force which became increasingly based on speculative rather than innovative and productive activities; the generally

1. Or fundamental cracks in the base and superstructure of feudal society should occur - such as the Reformation.

harmonious co-existence between Spanish mercantilism and feudalism was to be expressed in the Conquest and colonization. Commercial impulses behind the expansion were inextricably linked to desires to strike again at Islam, even to find a new Christian ally to combat the Infidel (Kiernan, 1972, p.9.), whilst the personal ambitions of the conquistadores themselves were to carve out their own feudal domains, or acquire treasure. In the words of Bernal Diaz delCastillo, the Spanish went to the Americas:

"to serve God and his Majesty, to give light to those in darkness, and also to get rich. (1904, Vol,II, p.485)

Furthermore, as Columbus acted in the capacity of vassal of Isabella, South America became the personal fiefdom of the most reactionary areas of Spain - for instance Andalucia and Castile, while Catalonia and the Basque provinces were excluded.¹

The process of colonization of Peru revealed the confusion of motivations and interests involved in the expansion. It can be divided into two phases: the first, lasting approximately 40 years, sees relatively little structural change, (Dew, 1969, pp.20-21), and is dominated by private ventures, formalized by the 'capitulaciones' granted by the king.² During the second,

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1. When the merchant guild of Sevilla was set up to control trade with the Americas, only Castilians were allowed to participate (Stein & Stein, 1974, p.47).
 2. Ots Capdequi characterises the process as follows:
"... the task of the discovery, conquest and colonization of America was not in the strict sense, in its origins, a state enterprise If we analyze the whole of the capitulaciones (grants)... we clearly find the evident and absorbing predominance of private interest, of private initiative in the organisation and the maintenance of the expedition of discovery. It was normal that these expeditions were financed by great merchants..The new law that arose in these countries ... had a fundamentally pact like character, a contractual character... These capitulaciones, these contracts, became truly juridicialand negotiable instruments ..." (1946, pp.8-11).

while the link between the state and private enterprise never disappeared, the Crown gradually imposed more direct control. The first period was dominated by both warfare against the Indians and struggle between the original conquistadores, who virtually wiped themselves out. (Steward and Faron, 1959, pp.155-156). It was so devastating a period for the Indians that it is estimated that at least half, possibly two-thirds, of the indigenous population had been exterminated by the late 16th Century (Rowe, Kubler, 1963). Contemporary observers - certain royal officials and monks¹ were alarmed, and partly as a result of their detailed reports, combined with the growing determination to control the evidently abundant minerals, the state began to intervene and attempt to direct colonization. During this first phase the conquistadores either murdered, subdued or inter-married and allied themselves with the Inca hierarchy and the 'curacas'. By the 1540s they were generally able to organise methods of government and exploitation, frequently retaining elements of the Inca social structure. So, for instance, Long and Roberts note that in the Mantaro area:

"the curacas exercised political and administrative control within the towns and continued to be the principal individual landowners. They shared power with the Spanish settlers, some of whom married into their families...." (1978, p.27).

The Laws of Burgos, 1512-13, enshrined the first royal attempts

1. For instance see Jose de Acosta, Historial Natural y moral de las Indias. (Seville 1950), translated by C. R. Markham, Hakluyt Society, 1880, ser. 1, 60-1).

to protect the Indians, also, however setting down the obligation of Indian men to work nine months a year for Spaniards, (Hemming 1972, p.129); despite these codes, little restraint was shown by the Spaniards, or, frequently, even the Indian 'curacas'. Exploitation increased as the Inca Treasures disappeared, were melted down and distributed, and the only remaining source of wealth centred on Indian labour, to be used either on the land or in the mines. By the 1540s Spain had already established settlements in other parts of the Americas and had created as a basic socio-economic unit the 'repartimiento' (allotment) of Indians to the 'encomienda' (protection) of a Spaniard. The 'encomendero' was then formally entrusted with the moral care and religious instruction of his Indians, who, in return, would pay tribute to him and the Crown. (Part of which would be used to finance the administration of the colonies). In this way, frequently 'ayllus' were left intact along with the exploitative mechanisms of the 'mita' and tribute, but placed under the legal jurisdiction of the Crown and conquistadores rather than the Inca. By this system the Crown hoped to limit the independence that conquistadores had achieved and ensure that they did not - as in Spain - develop their own regional power bases, but would occupy an intermediate, dependent position between the Indians and the royal officials ('corregidores').¹ In other words, the Spanish monarchy wanted to achieve the central control and sovereignty that they had failed to establish in Spain. They therefore tried to create a system whereby the Spanish overlord acted as an intermediary for the Crown and the royal officials

1. Direct control of the disposition of Indian labour was officially the responsibility of the bureaucracy rather than the 'encomenderos'.

usually based in Lima, and lived in the local town, leaving the surrounding countryside largely to the 'reduced' indigenous population. With regard to the second part of the plan they generally succeeded and consequently South America was:

"from the first, a world of cities, almost indeed city states. Already before the 16th Century closed most of what are today the capital cities of Spanish America, and many others also, dotted the map, outposts of empire, centres of civilisation in the wilderness.... Separated by vast distances and empty spaces, they were, they still are, the outward and visible sign of Spain in America."
(R. A. Humphreys, 1969, pp. 3-4).

Royal policy was reinforced by other factors - the small numbers of Spanish colonisers who were, in any case, in Mariategui's words, not pioneers, but:

"... virreyes, cortesanos, aventureros, clerigos, doctores y soldados...." (1976, p.14),

and the nature of the Spanish social formation which was certainly incapable of releasing large numbers of peasant smallholders of family farmers for large scale colonisation, and could, therefore, only annex Peru as another province¹ and source of labour, to be rather administered than settled. (cf. Yepes 1974).

Friction between the Spanish Crown and conquistadores increased as reports of the continuing decline in the Indian population reached the king, and corruption and disloyalty on the part of

1. A process which further splintered mainland Spain, where ... "orthodox provinces were substituted by autarchic patrimonies" (P. Anderson, 1979, p.71), and inhibited the successful Hispanicisation of Peru.

the 'encomenderos' and bureaucracy was revealed. On the other hand, the obvious wealth of the mines ¹ determined the monarchy to gain a firm hold over the empire, and shape its economic orientation. Consequently, in 1569 the viceroy Francisco de Toledo was sent out to Lima in order to organize the pattern of Spanish colonialism (Dew, 1969, p.21). The advent of the new viceroy ² and the decision this represented on the part of the Spanish Crown to assert its control over the development of Peru therefore marks the predication of the embryonic social formation upon the demands of the metropolis, and resulted in the creation of an 'intermediate' social formation, which acted as a conduit for the passage of surplus to Spain.

The basis of the colonial social formation was the establishment of the indigenous peasant population as an internal colony (Gonzalez Casanova, 1969, pp.118-39) - the previous pretence that the Indians were free and equal citizens was now dismissed. This policy stemmed from the pressing need to protect Indian labour, without which the mines could not be worked, or the colony fed. The method chosen was the 'reduction' of the Indians and their villages into larger groupings, located in more accessible areas to ensure tighter control and protection from the 'corregidores', and effective religious indoctrination and 'civilization' by the Jesuits (Winder, 1978, p.211). Usually two or three 'ayllus' would be amalgamated and removed from their communal lands, a

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1. The mines were owned by the Crown, but could be worked by private individuals as royal vassals.
 2. Toledo in fact came from a feudal landed family and, ironically for the monarchy, but logically enough, hoped to create a seigneurial landed aristocracy in each Peruvian town. (Hemming, 1972, p.399 ; cf. Roberts 1978, pp.40-42).

process which generally not only lost the Indians their traditional irrigation systems and their best land, but could also destroy the system of exploitation of the different climatic zones, and led to the general deterioration of agriculture in Peru. As a result the 'reducciones' provoked fierce Indian resistance, which must itself be taken into account as a further reason for the very survival of the communal lands.¹ Kubler speaks of the:

"... vital persistence of the Inca concept of the State."
(1963, p.343).

and Castro Pozo observed that:

"... in the sierra, the ayllus were defended tenaciously by the Indian women." (1963, p.496).

These re-patterned Indian communities were established around new communal lands and a church; they were granted legal charters and rights of self-government and policing. (carried out, as under the Incas, by the village elders and headed by the 'curaca', who was responsible for collection of taxes and enforcement of the 'mita'). In many ways, therefore, the indigenous population had achieved a nominal autonomy, and was able to retain elements of the pre-Columbian forms of social organisation and culture. It is clear, for instance, that even when converted to Catholicism, the Indians continued to hold to earlier beliefs, a fact which the Spanish correctly viewed with apprehension; but despite numerous aggressive campaigns the old beliefs could not be eradicated, and Juan Melendez bitterly remarked that:

1. Although, as mentioned earlier, communal usufruct had long been practised in parts of Spain; the new 'comunidades' therefore combined elements of both the Spanish and Columbian systems. (Winder, 1978, p.211).

"they return like dogs to the vomit of their ancient idolatries..." (in Hemming, 1972, p.398),

While Ulloa, discussing the reasons behind the policy of preservation of, and self rule for, the communities, wrote:

"Even after so many years it is impossible to make this nation set aside its old customs and usages, and if we were to try to do so it would be even worse, because if the people here were forbidden to hold their junta meetings publicly they would meet at night in secluded places where it would be impossible to control what was being said."

(Antonio de Ulloa, in Guidoni and Magni, 1977, p.121).

However, the policy of self government also relieved the colonial bureaucracy of the expense of direct administration of the communities. Whilst placing them out of reach of the 'hacendados' but accessible to royal needs, it also disguised the nature of their oppression. Furthermore, the process by which Indian communities were established as separate, but still amenable to exploitation, exemplifies the argument propounded in the preceding theoretical discussion, that forms of apparent cleavage between different ethnic or economic groupings are not necessarily inimical to their participation in the economic systems; indeed such cleavages may be highly functional for dominant classes. Consequently, affirmation of the separate cultural identity of the indigenous population was positively encouraged (for instance, as noted above, in terms of dress), and, instead of being forced to learn Spanish, missionaries learned the Indian languages in order to disseminate Christianity. Wolf writes of the Mexican comunidad:

"Thus equipped to function in terms of their own resources, these communities became in the centuries after the Conquest veritable redoubts of cultural homeostasis. Communal

jurisdiction over land, obligations to expend surplus funds in religious ceremonies, negative attitudes toward personal displays of wealth and self-assertion, strong defenses against deviant behaviour, all served to emphasise social and cultural homogeneity and to reduce tendencies toward the development of internal class differences and heterogeneity in behaviour and interests. The taboos on sale of land to outsiders and the tendency toward endogamy made it difficult for outsiders to gain footholds in the villages." (E.R.Wolf in T. Shanin, 1971, p.54).

Whilst this viewpoint is challenged by other research, on both the Mexican and Peruvian Indian economies ¹, which tends to reveal a far greater degree of differentiation and openness to market forces within the 'comunidad', ² other writers, notably Fuenzalida (1968, pp.155-187), have demonstrated the vitality and persistence of distinct cultural patterns and communal relations. Frequently, as closer integration into the wider economy took place, sometimes generating greater wealth within the village, this wealth was consumed in more elaborate ritual, or by a cooperative project; and within the community itself non-capitalist forms of production, generally based on reciprocity, remained pervasive. Clearly, therefore, the retention of the Indian 'comunidad' by the Spanish crown was extremely significant for the future evolution of the Peruvian social formations, and formed one barrier to the development of industrial capitalism in Peru. Furthermore, the structure of the rest of colonial society was not necessarily incompatible with the peasant units; agents of change in other

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1. For instance, see H. Tschopik, (1947) and R. Schaedel (1959)
 2. Skinner (1964), however, has argued that degrees of openness of peasant communities are simply oscillations on a continuum of change in response to external factors, in particular changes in the strength/policy of the state (cf. Spalding 1975a, and Chapter 7).

societies have, for instance, been the state and its demands for surplus. In Peru, however, the colonial administration both made demands on the 'comunidades' and preserved them. (Bushnell, 1956, p.138). Alternatively, a producing and trading town may introduce external pressures or new social patterns into a community and undermine its unity. But the function of Peruvian towns as mestizo or white centres created to oppress the Indian communities, (C.T.Smith, 1971, pp.276-277), meant that they could fulfill no such dynamic role.¹ Vargas Ugarte writes that:

"In 1780 a viceroy described Peru's lands as unfarmed, its roads in ruins, and all but two towns outside Lima losing population. A decade later a successor complained that Lima and all of Peru's towns were plagued by parasitic functionaries." (1966-71, Vol.V., p.106).

One major reason for the royal policy of preservation of the communities lay in an attempt to ensure that the settlers in Peru did not establish themselves as powerful, independent barons, but became dependents of the Crown; however in this they largely failed, for a variety of reasons. Royal control was inhibited by the distance of Peru from Spain and by the great extent of unpopulated lands, which the Spanish Crown in fact wished to be inhabited and thus protected against European encroachment. Furthermore the establishment of large 'haciendas' was encouraged by the needs of the mines and the towns, which the Indian 'comunidades' could not entirely supply. The Creoles were in any case able to expand their original 'repartimientos' (land grants) through alliance

1. This is again resonant of the function, or non-function, of urban centres in pre-Columbian Peru.

with corrupt local officials, the royal 'corregidores' whose function was partly to control creole 'hacendados' (Rowe, 1963). Finally, the extreme exploitation and maltreatment of the Indians in the mines, provoked widespread resistance to the royal 'mita' and flight to the protection of the local 'hacendado'. In this way the creole, sierran landowner gained a subject Indian workforce under a variety of informal contractual arrangements. (Piel, 1970, p.294). He thus established a relatively independent local power base, whilst exercising no formal political power. (Dew, 1969, p.21).

By the middle of the 17th Century the colonists had thus either succeeded in appropriating large amounts of land and/or establishing perpetual right to an original 'repartimiento'.¹ The first lands to be usurped were in the coastal zone and fertile, inter-mountain valleys, areas which had been quickly evacuated by, or cleared of, the indigenous population early on in the colonization process. (Castro Pozo, 1963, p.488). Here large latifundias were established, which tended to concentrate on export crop agriculture - notably sugar (Albert, 1976, p.2) - using a variety of servile labour forms², including imported African slaves, from the early 17th Century onwards. (C.T.Smith, 1971, p.278). In the sierra, the creation

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1. | Although title to land remained insecure, and colonial law managed to limit the social and political power of the creole class by placing restrictions on their legal political and judicial authority over their workers. (Weaver, 1980, p.62).
 2. Indigenous communities did survive on the coast up until the expansion of the cash crop 'haciendas' in the late 19th Century, and provided the 'latifundia' with labour. For instance, in the North, around Cajamarca; but they were to be found in far fewer numbers than in the mountains. (Deere, 1977).

of 'haciendas' was less extensive; the Spaniards were apprehensive of the Andean region and Hemming notes that there the Indian population levels declined far less dramatically than on the coast. (1972, p.349). Furthermore, the pattern of settlement appears to have varied according to the relationships originally established between the Spanish and the indigenous leaders. For instance, in the Mantaro Valley relatively few 'haciendas' were established, and this has been attributed to the alliance concluded between the conquistadores and the 'curacas', during the Conquest, against the Incas. (Long and Roberts, 1978, p.27).

The sierran 'hacienda' was characterised by a dislocation between production and market conditions (Yepes, 1974, p.66); it was similar in socio-economic form to the European demesne, (C. Kay, 1974, pp.69-98), and generally operated its own unofficial police and judicial system. It was also characterised by the use of extremely archaic technology and the consequently heavy consumption of land and labour. Apart from utilizing its position as a refuge for escaped 'mitayos', it also obtained much of its labour not through the 'encomienda',¹ but through debt peonage. Endebted either by tribute obligations, (Gongora, 1975, pp.152-154), or by purchase of goods, the Indian might be forced to seek the 'shelter' of the 'hacienda', where he would normally pay labour services in return for a parcel of land and protection², (Keen,

1. This institution was abandoned early on due to its misuse by the settlers. (C.Kay, 1974, p.81).

2. The 'hacendado's' role as protector formed a vital part of local kinship and clientelistic politics, by which control over the Indians was maintained — Sometimes against central authority, and sometimes against other 'hacendados' or Indians.

1965, p.16). Or the Indian labourer might continue as resident of a nearby community that had, however, lost its land (frequently to the 'hacendado' (Castro Pozo, 1963, p.48a)), and was therefore forced to work for the 'hacendado' in exchange for a subsistence plot of land (Winder, 1978, p.211). Alternatively, peasants from a community with land might also perform seasonal labour on the 'hacienda' lands, in order to be able to earn extra goods or money to enable them to maintain traditional customs, such as fiestas, (Wolf, 1953, p.161) or meet tribute requirements. It is apparent, therefore, that a degree of mutuality of interest could exist between the traditional sierran 'hacendado' and Indian, against central authority, in the form of a reactionary alliance, and this was to become apparent when attempts to modernize Peru were made in the 19th Century. (Wolf, 1971, p.54.).

In times of recession, the 'hacienda' could and generally would retreat into a reclusive economy - as did all such units established throughout South America (for instance the sugar 'haciendas' of the Brazilian North East). But, like the Brazilian 'engenhos de açucar', many such farms were originally established in order to raise crops or livestock for market, in the Peruvian case, generally food and livestock for the mines and towns, and wool for the 'obrajes', or for export, demonstrating the scission remarked upon by Yepes, (1974, p.66). However, they were not, on the whole, a dynamic force in the mountain economy - Long and Roberts write that:

"large highland landholdings had little economic dynamism

throughout the colonial and contemporary periods, and capital accumulation, outside of the mining enclave and a few large livestock haciendas, was mainly based on the internal differentiation and exploitation of the peasant economy." (1978, p.21).

Frank (1971) quotes Jose Miranda's discussion of the economic ambitions of the 'encomenderos' in order to support his contention that this sector of the economy was dynamic and may be characterised as capitalist. The passage is of interest for several reasons. It highlights the importance of the market to many 'hacendados', clearly exposes the interlinked interests of the Spanish settlers, and also provides an interesting description of clientelistic politics and absentee ownership:

"Although the continental 'encomendero' has much of the feudal lord, European style... he seems to have no real interest in his feudal style position or function. No: the encomendero is above all a man of his time, moved by desire for profit and pursuing the goal of wealth. Among his contemporaries, the encomendero is the man of action in whom the ideas and anxieties of a new world take strongest root.... For this reason, he does not, like the feudal lord, limit himself to the mere enjoyment of tribute and service, but he converts the one like the other into the principal base of several business enterprises. He will do the same as any entrepreneur from that time till now: use his own and others' resources and the work of others in the pursuit of his own wealth and well being.....

The businesses which the encomendero established to take economic advantage of the encomienda are, therefore, of three kinds, mining, livestock and agricultural.....

We often see the encomendero caught up in a complicated net of economic and legal relationships: he participates

in various mining companies.... he is owner of a herd of swine or sheep, which he grazes on the range of another encomendero - with whom he has entered into an economic contract for the purpose - and which are under the care of a Spaniard whose services he has obtained through some contract or payment; and all this after having conferred general powers to some relative, friend, or employee to administer his encomiendas and after having conferred special powers to other people so that they might administer his haciendas or livestock ranches, his shops or sugar mills, or to take care of his interest wherever it may be necessary....." (Miranda, 1947, pp.423-4, 427,446 in Frank, 1971, pp.152-3).

It seems unnecessary to outline once more the many arguments (for example Laclau, 1971, Genovese, 1969, Yepes, 1974), that have demonstrated the falseness of the proposition that capitalism could develop in South America when Spain and Portugal were still clearly seigneurial states, and indeed continued to contain residues of servile relations in the 20th Century. Frank's approach ignores the compatibility, mentioned earlier, and perfectly expressed by the Peruvian colonial economy, of mercantile enterprises with feudal or servile forms of production (see Chapter 1, pp.9 and 10).

The mixed nature of the 'hacienda' is one aspect of the hybrid social formation created in colonial Peru - one clearly designed to serve external needs, and able to utilize a variety of non-capitalist relations of production in order to do this. The following description of the treatment of labour on the 'hacienda' was made in the 16th Century:

"... it is the custom for all owners of haciendas, workshops,

estancias and drovers to sell their workers along with their establishments. What? Are these Indian labourers ... free or slaves? No matter. They belong to the hacienda and must serve on it. This Indian is my master's property..." (Jeronimo de Mendieta, *Historia eclesiastica indiana*, 1595-1596, in Stein and Stein, 1974, p.31).

The logic behind the social formation described above lay in the extraction of specie, which was clearly the central economic activity of the colonial period. The income from this source allowed Spain to resist such attacks on the feudal order as the Reformation and later the Enlightenment. The major preoccupation, therefore, of the Spanish Crown was always with the Peruvian (and Mexican) mines. The need to control what became its principal source of income, together with its economic backwardness, led the Spanish state to impose an extremely restrictive form of mercantilism based on the port of Sevilla (and after 1717, Cadiz)¹. In Seville the trade was controlled by the merchant guild, (consulado) and Board of Trade (Casa de Contratacion), and linked to similar 'consulados' in Lima, which manipulated prices to the disadvantage of American producers. It is clear that this monopolistic policy

1. The reason behind the policy of monopolistic regulations "lay in its influence to create enhanced opportunities of profit for industrial capital by raising the price level of individual products and depressing the price-level of agricultural (or mineral) products, within the controlled economy of metropolis and colony: an influence to which the achievement of an export surplus from the metropolis might contribute by draining the colonial economy of gold and increasing the flow of gold into the metropolis" (Dobb, 1970, p.209). Not only was surplus appropriation, but also surplus realization, consequently inhibited and restricted by Spanish policy, together with the possibilities for dynamic economic development.

therefore inhibited capital accumulation both in Spain and Peru, encouraged an intensely conservative approach to economic change,¹ and generated deep resentment of Spain on the part of the creoles.²

Stein and Stein write:

"It is not surprising ... that consulados in colonial trade at Sevilla, Mexico City and Lima - groups often formed by interest, by regional origins, and by kinship and alliance - constantly resisted the modernisation of the Spanish commercial system. They opposed innovations such as the joint-stock company, restricted membership, controlled undersupply of a captive market, secrecy of operations....." (1974, pp.49-50)

This stifling mercantile system remained virtually unchanged until Independence, the Bourbon reforms simply modifying the basic structure; furthermore other possible economic activity was extremely limited, as all industrial entrepreneurship was either specifically banned or discouraged.

The colonial administration created to oversee and unite the diverse elements of the Peruvian economy was a clear reflection of the narrow aims of the metropolis and the contradictions within the colonial social formation. Veliz writes that:

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1. Gongora notes the reactionary nature of the South American merchants: "Throughout the Americas, these merchants.... were passionately interested in acquiring titles of nobility... The 'bourgeois' life style was still alien to their collective consciousness. At the most ... they displayed the purely mercantile element of bourgeois consciousness, and thus had no effect on the overall structure of society which still maintained as far as its internal market was concerned a predominantly 'natural' economy" Gongora, 1975, p.164.
 2. Who, however benefitted from the system far more than those in less important parts of the empire.

"... what the Spanish conquerors imposed on their new dominions was a highly centralized version of the authoritarian Renaissance state; there were no regional sites of political power in the new countries; the little power possessed by local landowners and military leaders was derived directly and exclusively from the good-will of the captain-general, viceroy or king..." (Veliz,1970, p.13).

This description, in fact, approximates more closely to what the Crown tried to create, the ideal form rather than the reality of the colonial state.¹ The structural heterogeneity and disharmony of the base could not be expressed in a uniform, centralised state apparatus,² and while it is true that, as in Spain, the monarchy and the church were unifying forces that held together colonial society, the conditions that resulted in national disintegration after Independence were created in the 16th Century. Side by side with an extremely elaborate and bureaucratic state machine, modelled on the Spanish apparatus, existed both the self-governing Indian communities³ and the semi-autonomous large estates. Similarly, beneath, and even within, the formal channels of government,⁴ operated the politics of clientelism and kinship. Effectively the role of the colonial state within this social structure was that of both a synthesizer and mediator, and also an oppressor and educator. The 'hacendados' were both intermediaries

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1. R. A. Humphreys writes, "The empire was built on paternalist and absolutist lines. It could not, in point of fact, be quite so centralised as theory might imply. The Royal will was always limited by circumstances..." (1969, p.82).
 2. Furthermore effective centralisation would have required a comprehensive system of transport and communications, which the Spanish failed to establish.
 3. Both aspects demonstrating, once again, a degree of continuity and similarity between the pre-and post-colonial structures. (see Kossok, 1973, p.18.)
 4. The Peruvian colonial apparatus never completely lost its characteristic mixture of state and private interests.

themselves, informal agents (vassals) of the Crown, ultimately dependent on and in alliance with the administration against the colonized indigenous population, and yet also independent actors embodying their own informal state power within their region, against that of the central authority.

Other sectors of the ruling class, who had no feudal base, such as the merchants, occupied a purely intermediary position with their economic base in the sphere of circulation, and, as peninsulares, generally opposed to the creole elite. The entire social formation and state structure expressed this intermediate function and contradictory composition (Morse, 1974), which was embodied in the major function of the state - the administration of specie export to Spain - while its structure was predominantly military and ecclesiastical. The Peruvian colonial administration was, therefore, as discussed in the theoretical section, similar to that of the Spanish absolutist state, yet differentiated by its inclusion of local pre-Columbian forms of government and its colonial functions of coercion and the collection of tribute. Similar in that it was a source of employment, corruption and patronage,¹ yet different in that the elite was fractured into creoles and peninsulares, and it contained no traditional democratic checks and balances.

When discussing the development of state power, and its contribution

1. Pike writes: "... the motherland, in an effort to supervise its treasure house effectively, inflicted upon Peru the largest, most powerful and prestigious, and the best paid bureaucracy to be found in all of South America." (1967, pp.24-5).

to the genesis of industrial capitalism, Marx wrote:

"(The) power of the state, the concentrated and organised force of society ... hasten(s), hot-house fashion, the process of transformation of the feudal mode of production into the capitalist mode, and ... shorten(s) the transition. Force is the midwife of every old society pregnant with a new one. It is itself an economic power.." (Capital, I, 1974, p.703).

Both the Spanish state, however, and the Peruvian colonial administration were constructed around the need to preserve the feudal order, products of a stagnating rather than a progressive transition, and this was clearly expressed in their structures and policies.¹

B. 18th Century Peru and the end of the Empire

The changes that occurred in the colonial Peruvian structure from its establishment to independence were generally brought about by developments in Europe; however these then generated an internal dynamic within the Empire, and led to an economic expansion in certain regions. The net result for Peru, however, was to accentuate the general impoverishment and decay which had set in as demand for foodstuffs began to exceed that for the already abating supply of bullion. (Furtado, 1976). Consequently, part of the Bourbon reforms programme was aimed at stimulating the neglected agricultural areas of the empire, for instance, Buenos

1. Newton describes the state in Spain and its dependencies as follows: "The relationships between sovereignty and corps intermediaries was in effect frozen in mid passage from the forms of late medieval Christendom to those of the burgeoning royal absolutism that elsewhere in Europe was to erect the institutional scaffolding of the Modern Nation State" (1970, pp.22-23) (my emphasis). This captures the notion of a stagnating transition so clearly expressed by the Peruvian and Spanish social formations.

Aires and Chile. Integral to this policy was the creation of La Plata Viceroyalty which brought about dislocation of trade and ended a major source of income for many sectors of the Peruvian elite. It also represented the beginning of a shift in the balance of power between Peru and Chile. As the Chilean economy began to expand, and its elite started to assert its independence, Peru relapsed into the stagnation and economic parochialism¹, (Pike, 1967, p.65) which had previously been masked by the advantages it had derived as the centre of the Empire.

An antagonism had long existed between the elites of Chile and Peru²; as Victor Tapié has written:

"Par le Chilien, le Peruvien était un gros mulâtre lippu et sensuel; pour le Peruvien, le Chilien un 'roto', inculte et cruel." (1945, p.199)

and the Limenos felt a strong sense of superiority towards the people of Santiago who were, in any case, their subordinates in the imperial bureaucratic chain. The Chilean colonial heritage may be differentiated from that of Peru in many other ways; most importantly, as a barren outpost with a relatively small Indian population that could not be quite so easily transformed into a subservient labour force (Kossok, 1973, p.19), Chile's colonisation process bears perhaps more resemblance to the North American experience than to the Peruvian.³ Furthermore,

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1. Piel notes the pre-eminence of decayed rural grandeur at this time: "Les 'traditions peruviennes' fixés au 17ième siècle quand se stabilise le pouvoir foncière de l'aristocratie coloniale, atteignent leur apogée dans le Peru du Vice-Roi Amat et de la Périchole, vers 1776", (1970a, p.294).
 2. This was to increase during the first half of the 19th Century as will be shown in subsequent chapters; in the 1870's the city of Lima was represented in the main street of Santiago by the statue of a coquette. (Pinillos, 1947, p.143).
 3. cf. Robert Baldwin's comparative study of two hypothetical colonies. (1956).

rather than existing solely as an appendage to the European system, the Chilean elite developed an economy based on exports, with other parts of the Empire, centring on the trade in tallow, livestock (Roxborough, O'Brien and Roddick, 1977, p.5), and later wheat and even copper (Purser, 1971, p.53) with Peru. This predominantly agricultural prosperity in turn led to the consolidation of power by interests based on the large landed estates, mainly those located in the central areas of the country, (Rumbold 1903, Monteon, 1982).

The dynamism and success of its farming elite, together with its spatial isolation from Europe, permitted Chile to attain a far greater degree of independence ¹, both political and economic (Frank, 1971, p.61), than that enjoyed by Peru, and, from an early stage in its colonial history, fostered a sense of national identity amongst the upper classes. ² The Spanish settlers had formed an immediately more homogenous group, and had produced:

"... a fairly complete and unusually successful amalgam of Indian and Spanish." (Kiernan, 1972, p.288).

Furthermore they were less divided by the multiple interest groups, and the constant influx of peninsulares that Peru, as the bureaucratic and trading centre of a vast empire, was naturally subject to. (Yepes 1974) Other factors, such as the country's topography, may be put forward as contributing to the emergence of a state bearing greater resemblance, in structural and cultural terms, to parts of Europe than to Peru, whilst the very austerity of Chile, in sharp contrast

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1. Sergio Villalobos traces the growing independence of Chilean merchants and commerce from Peruvian control throughout the 18th Century. (1968, pp.11-31).
 2. This was also due to the prolonged struggle against the Araucanian Indians which demanded 'social and political stability' and unity. (Kinsbruner, 1973, p.10).

to the luxury of aristocratic Viceregal society, tended to attract the pioneer farmer rather than the parasites identified by Mariategui. (1976, p.14) It is of course clear that the Chilean colonial social formation exhibited many of the same reactionary elitist, feudal and dependant features that charcaterised Peruvian structure, (Blakemore, 1971, pp.495-497). But the differences already mentioned, in particular the unity of the upper classes, and the absence of Indian communities, were to have important consequences. The colonization of Peru had broken the organic unity of the pre-Columbian social and economic structure, and replaced it by a fragmented society, which was further divided by the exaggerated pre-eminence of the coastal strip and Lima; in the words of El Banco Italiano:

"... durante el coloniaje toda la vida estaba reconcentrada en Lima, en donde afluia la plata." (1941, p.34).¹

By contrast, the colonial Chilean elite had created a more integrated and geographically balanced society, which was to enable it, after Independence, to achieve economic and political predominance over Peru.

The 18th Century was a period of disasters for Peruvian society. The mining industry had formed an integrative focus for the entire colonial economy, and had, to a degree, counterbalanced the predominance of the coast. The boom period, however, had come to an end by the middle of the 17th Century, and the industry remained

1. Morse writes that "Lima is the classic example for the Spanish mercantile era of an outpost of foreign politico-economic control which in turn dominated, exploited and depressed its own nation." (1974, p.427).

stagnant until the latter half of the 18th Century (Purser, 1971, p.59). However, the continued demands made on the Indian population by the mines and 'obrajes'¹, together with pressure from the 'hacendados' and heavy tribute requirements provoked not only flight to inaccessible mountain regions, but also massive population decline.² In Bollinger's words, so many demands were being made on Indian labour that it:

"was consumed faster than it could reproduce itself."
(1977, p.21).

These structural problems were exacerbated by a series of natural disasters in the 18th Century - earthquakes, epidemics - combined with a decline in coastal plantation agriculture, as the price of African slave labour increased (Céspedes del Castillo, G. 1947, pp.53-6)³ Furthermore, the Bourbon reforms represented an attempt to extract an even higher surplus from the indigenous population.⁴ This combination of conditions created together a crisis, and accelerated the disintegration of Peruvian society.

Perhaps the first outward sign of this process of disintegration

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1. Hemming comments on the severe disruption to Indian life caused by the 'mita', especially in the Southern sierra: "By the middle of the 17th Century the population of the 16 affected provinces was reduced by over three-quarters. The Indians who remained behind had to furnish the same contingents of 'mitayos' as their forbears had under Toledo, and the daily wage of a 'mitayo' at Potosi remained unchanged for 200 years... agriculture suffered irreparably in these areas.... (1972, p.409).
 2. The Indian population declined to its lowest point of 350,000 in the 18th Century. (Morse, 1974, p.419)
 3. In 1777 Viceroy Guiror declared "... este Reyno se queda cadaverico.." (in Chavarria, 1978, p.77).
 4. They also established the right of 'criollos' to purchase government offices. (Weaver, 1980, p.63).

was the Tupac Amaru II revolt, the culmination of a series of Indian uprisings during the 18th Century, (Bushnell, 1956, p.138), prominent in which were Indians displaced by service in the mines and 'obrajeu' - 'yanacunas' and 'indian forasteros'. This insurrection was both indicative of the fact that the straitjacket of Spanish domination, and the feudal order could no longer contain the contradictions within, and increased sophistication and differentiation of, Peruvian society, and was also provocative of further change. Its suppression was extremely costly in lives and money, destructive of agriculture and machinery, and intimidated the creoles and the Spanish, driving them:

"to the safety of the large cities, or the coast".

(Morse, 1974, p.420).

It also underlined creole adherence to Spain. Despite the fact that among Tupac Amaru's stated aims were many that most creoles would sympathise with, effectively the abolition of restrictive mercantilism, (Humphreys and Lynch, 1965, p.17), the clear antagonism towards all white oppressors, creole or peninsular, undermined an already relatively weak drive towards independence, whilst exacerbating the poverty and instability within Peru.

In other parts of the empire, the conflict between the primitive nature of the Spanish economy and the needs and aspirations of the Creoles led to the growth of Independence movements. This conflict had in fact been intensified by the ineffective Bourbon policy of trade liberalisation, which had simply highlighted the inadequacies of the Spanish economy. Creole dissatisfaction was further

increased, after 1778, by the open humiliation ¹ of Spain, and the subsequent direct penetration of the colonial economies by British and French goods. Furthermore the industrialization of Britain was increasing the demand for raw materials, and markets, and:

"therefore from the 1760s and 1770s on, export-oriented production grew rapidly."

But,

"this was true in varying degrees within the colonies, as shown by the differences between the Captaingeneralship of Chile and the central districts of the Viceroyalty of Peru." (Kossok, 1973, pp.20-1).

Consequently,

"everywhere in South America , except in the old Viceroyalty of Peru ... the years between 1808 and 1812 saw the beginnings of the transition from the closed, to the open door." (Humphreys, 1969, p.110) (my emphasis)

In Peru the struggle for independence was weak, protracted and ambiguous, characterised by distinct movements from within both the 'Republica de los Espanoles', and the 'Republica de los Indios'. The

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1. Perry Anderson has made the following remarks on the failure of the Bourbon reforms, and the nature of Spanish society on the eve of South American Independence, which are also extremely resonant of 18th and early 19th Century Peru:
"It was now too late for a development comparable to that of France or England.... The state administration ... remained rife with empleomania ... Vast latifundia worked by gang labour in the South provided the fortunes of a stagnant grandee nobility, parked in the provincial capitals.... By the end of the century, the Bourbon court was itself in a full decadence reminiscent of its predecessor... even after the Caroline reforms, the authority of the Absolutist State stopped at municipal level over vast areas of the country. Down to the invasion of Napoleon, more than half the towns in Spain were not under monarchical, but under seigneurial or clerical jurisdiction. The regime of senorios, a medieval relic... assured.... (the nobles)... not only of profits, but also of judicial and administrative power..." (1979, pp.83-4).

Spaniards were determined to lose neither battle, and bled the colony dry in the effort to retain it.¹ (Fisher, 1976, p.23). While Spanish control had become unnecessary and undesirable to virtually the entire Chilean elite², in Peru the creoles were too divided and nervous of the indigenous population to carry out an effective struggle; furthermore it would appear that the majority of the white population was content to remain under Spanish administration (Anna, 1975). Essentially, therefore, independence was gained for the Peruvian creoles, as late as 1824, by other South Americans - Bolivar's forces from the North, and those of Cochrane and San Martin in the South.³ Whereas Independence in Chile must be viewed as a watershed, and the beginning of the development of a nation, Riva Agüero asserted that Ayacucho meant/means nothing more to Peruvian consciousness than a "civil struggle between two bands, each assisted by foreign mercenaries." (1955, pp.110-121), especially since Bolivar agreed with the defeated Spanish armies that:

"los privilegios, prebendas y situacion social de estos enemigos de la Patria insurgente, fueran mantenidos, con el efecto de que todos los procolonialistas de siempre, volvieran a sus antiguas posiciones de poder efectivo y de dominio." (Roel, 1977, p.31).

There was therefore a considerable degree of continuity between

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1. The Spanish virtually exhausted all accessible seams in the mines in an effort to increase their income in order to subsidise the wars against the rebel colonies and later within Peru, while capital exported from the colony between 1819 and 1824 has been estimated at 40 million pesos. (Chavarria, 1978, p.42).
 2. Chile had continued to experience demographic upturn and urban growth throughout the 18th Century. (Morse, 1974, p.422).
 3. Kiernan writes that when San Martin came from Chile to "liberate a hesitant Peru and his lieutenants recruited bands of Indians the wealthier citizens of Lima were highly apprehensive of these allies." (1972, p.291).

the colonial and republican Peruvian structures. Far from being liquidated, the feudal social organisation, was, if anything, injected with new vitality, despite the clear signs of the growing differentiation and discontent within rural society. In Yepes' words, due to the weakness of the liberals and their fear of the Indians, the reactionary forces were able to avoid modification of the internal relations of domination and:

"... on the contrary, the maintenance and reproduction of those relations was assured in the configuration of the new state... thus the basic scission of the colonial economy (production conditions and market conditions) was maintained." (1974, pp.67-8).

The resulting accentuation of the fragmentation of the Peruvian structure itself resulted in the failure, on the part of the Peruvian elite, by contrast with the Chilean upper classes, to construct an effective centralised state apparatus. The failure was not only a major contributory factor in the outbreak of the Pacific War, but also a reflection of both the decayed nature of the old order, and yet its simultaneous ability to survive and resist the evolution of capitalist relations of production and political processes. These features of the republican social formation will be examined in more detail in the next chapter.

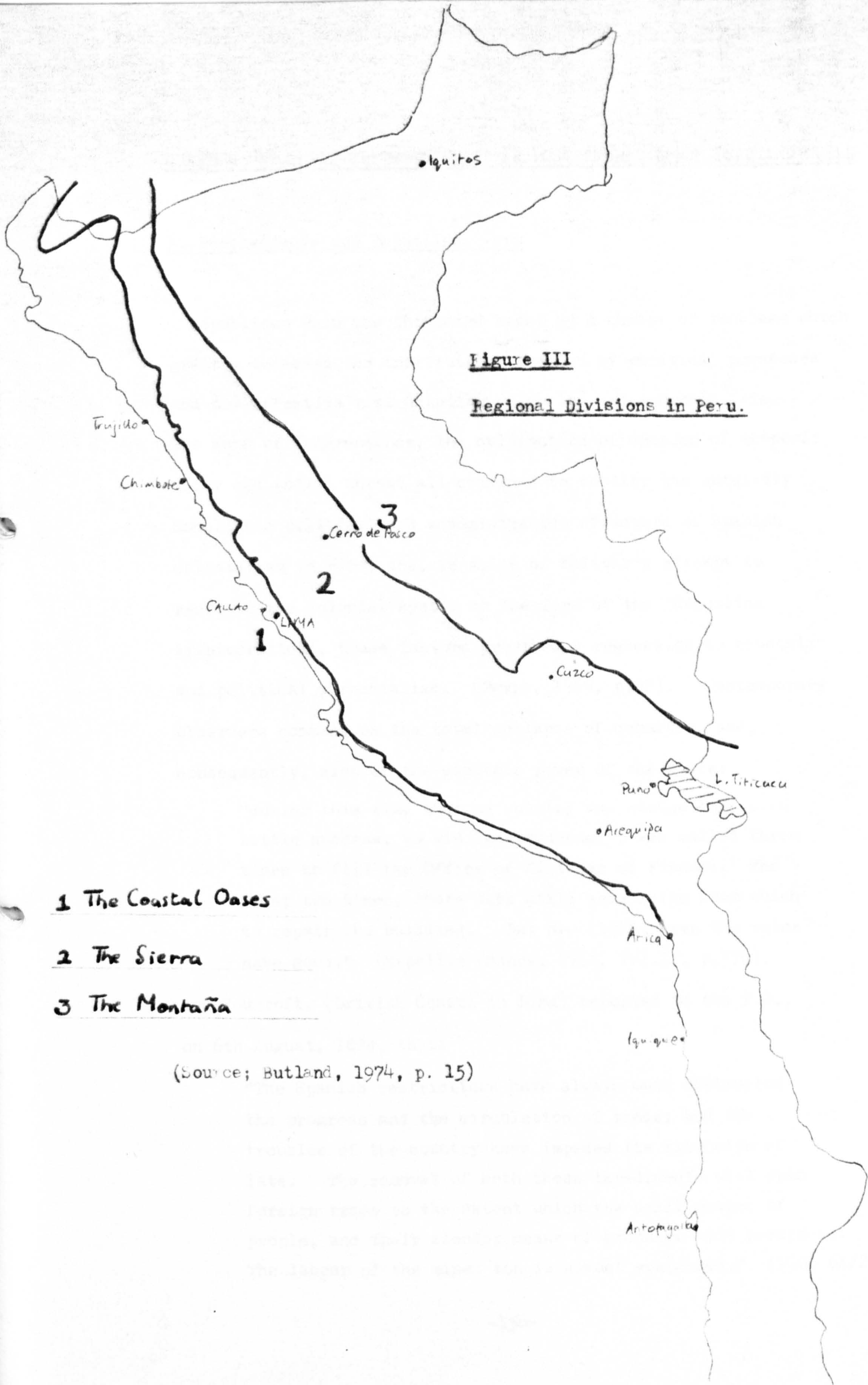


Figure III

Regional Divisions in Peru.

1 The Coastal Oases

2 The Sierra

3 The Montaña

(Source; Butland, 1974, p. 15)

CHAPTER 6: INTRA-ELITE CONFLICT IN POST INDEPENDENCE PERU AND CHILE

A. Independence and Republican Peru

Republican Peru was initiated beset by a number of problems which greatly retarded the institutionalisation of political processes and the effective restructuring of social and economic life. The Wars of Independence, the culmination of decades of economic decay and social unrest all combined to shatter the outwardly monolithic political and administrative structure of Spanish colonialism in Peru, and, in spite of Bolivar's attempt to recreate the colonial system in the form of the 'Republica Aristocratica', these factors provoked a regression to economic and political parochialism. (Favre, 1969, p.92). Contemporary observers comment on the total collapse of commerce, and, consequently, also of the economic power of the state:

"during this time that my country was struggling, with little success, to win independence, I was called three times to fill the Office of Minister of Finance. The first two times, there were still some ruins from which to repair the building. But now (1825) even the ruins have gone." (Hipolito Unanue, 1914, Vol.II, p.370).

and Rowcroft, (British Consul in Lima) reported to the F.O., on 6th August, 1824, that:

"The Spanish restrictions have always much obstructed the progress and the circulation of trade; and the troubles of the country have impeded its extension of late. The removal of both these impediments will open foreign trade to the extent which the small number of people, and their slender means of exchange will permit ... The labour of the mines too is almost suspended." (F.O. 61/2)

Furthermore, in a private letter, Rowcroft ¹ expressed his ethno-centric doubts as to whether the problems facing Peru could ever be overcome:

"Can the mixed populations of these countries, in their defective condition of general information and ignorance of political principles, with their weakness in all means of combination and open to the insidious deceptions of every class of imposters and every rank of demagogues in any foreseeable time settle themselves into any stable, rational, well secured order of government?" (F.O. 61/2, 13th June, 1824)

In the event, despite the discovery of guano, and despite progress during the pre-War of the Pacific period towards an institutionalised state form and some integration and modernization of the Peruvian structure, intermittent civil warfare continued up to and during the War. The war itself was partly provoked by failure to create stable political institutions and eradicate the feudal cast of Peruvian society, and, in turn, also expressed the rationality and function of war in a predominantly feudal social formation.

There is a variety of interpretations of the period of civil wars, ranging from the variant of Latin American scholarship that tends to attribute them to inherent instability and individual personalities (for instance, G. Pope Atkins, 1977 and W. Withers, 1964) to works that attempt to make sense of them in political terms. Weaver (1980) and Bollinger (1977) are two writers

1. He also enclosed a letter from an English traveller in Peru (dated 14th October, 1823) outlining the extreme poverty of the country: "Lima is now going to decay; perhaps the population, formerly 80,000, does not exceed 50,000 about a fifth of the city is deserted most of the rich old Spaniards are gone ... money ... very scarce .. the Negroes are all dead or dispersed" (F.O. 61/2, in Rowcroft to F.O. 15th July, 1824)

who have both recently made a valuable contribution to the discussion; however, they also demonstrate the dangers of becoming overly deterministic. They both, quite correctly, underline the importance of viewing the period not in terms of 'flamboyant caudillismo' but in :

"the light of the criollo elite's efforts to forge a class that would be sufficiently united to give political structure and geographical definition to the new nation states; the core of the disputes concerned the political forms most appropriate for class rule." (Weaver, 1980, pp. 67-68)

Weaver also implies that some of the instability in Peru, Bolivia and Mexico had a logic of its own:

"The possessing classes in these nations had neither the confidence in their control of the producing classes nor the unity to create a political alternative to military rule, and the tensions and personal ambitions within the victorious armies led to frequent wars and rapid turnover of the generals at the top." (1980, p.72)

Bollinger's analysis emphasises the conscious attempt to carry out a bourgeois revolution to the virtual exclusion of all other factors. He is concerned to disprove studies that deny the existence of a capitalist class in early 19th Century Peru, although the main focus of his criticism is the dependency school. He makes the following judgement on the disturbances of the 1830s:

"Although the aspirations of an emergent national bourgeoisie were momentarily frustrated, the dominant features of the period were not an ahistorical reimposition of neo-colonial status ¹ or the 'development of underdevelopment'. Rather,

1. Since Bollinger later refers to the process of refeudalisation that took place in the 19th Century, this assertion that to talk of an imposition of earlier relations is ahistorical appears illogical.

the Republican struggle was indeed liberal inspired and bourgeois-led. It was, despite its contradiction and weaknesses, the onset of Peru's bourgeois revolution." (1977, p.28)

He also asserts that:

"... at the heart of these conflicts was a bitter struggle over protectionism." (1977, p.27)

Whilst approaching the issue from different standpoints, both Weaver and Bollinger appear to agree too that by the mid 1850s/60s it is possible to talk of a strong state structure in Peru. Bollinger sees this in terms of the successes of the bourgeois revolution, as a result of guano, and discusses the state in the following terms:

"The state bureaucracy was expanded to over 33,000 (about 1.6% of the total population) in part to assist capitalist development." (1977, p.31) (my emphasis)

Weaver speaks of the development of a strong, autonomous state to the detriment of the evolution, or consolidation, of a capitalist class:

"Thus the guano revenues created in Lima a large centralised state apparatus which was remarkably immune from influence by even the most influential classes and which was capable of promulgating policies inimical to the interests of the most powerful of domestic groups." (1980, p.91)

Clearly the prolonged social conflict after the Wars of Independence was concerned with the formation of the state, the direction of the economy, the reformulation or retention of relations of production;¹

1. For a recent treatment of the struggles over protectionism versus free trade that took place in mid 19th Century Peru see Gootenberg, 1982.

however, interpretations that exclude all other aspects of these struggles cannot correctly characterize Peruvian society and tend to become teleological. Class analysis when crudely applied can become functionalist. Just as many writers, for instance, Beruf (1978), Singelmann (1975) and Flynn (1974) have shown how functionalist analysis of clientelism ignores the way in which class interests are expressed through factional conflict¹, in the same way, some class analysis, through ignoring primordial sentiments and the significance of clientelism and continual intragroup warfare, oversimplifies and distorts the picture. Peru's 19th Century experience may be differentiated from that of many other Latin American states by the extreme persistence of certain social structures and political processes stemming from its aristocratic colonial past, and even from 15th Century Spain and pre-Columbian Tahuantinsuya. This was especially clear during the first decades of Republican history when the political processes were dominated by kinship politics (Bourricaud, 1969, p.153), and when the state had lost almost all functions other than that of a rent-collecting machine - appearing as a decayed and weakened absolutist state in the guise of European constitutionalism. However, this regression to clan politics was complicated by both the intensification of class conflict, and the establishment of the Peruvian nation-state, together with the contaminant of metropolitan capital. Consequently, the civil wars following independence must be analysed on several levels, whilst also recognising that the various aspects of the

1. Flynn comments on the ahistorical and static nature of this type of analysis which fails to appreciate how "... clientelistic patterns may support certain social formations and class interests as expressed at a particular stage of society's development." (1974, p.145)

conflicts overlapped and reinforced/affected each other.

Bollinger writes:

"The Wars of Independence constituted the first major political confrontation between the reactionary forces rooted in the tribute-communal mode and the emergent liberals aspiring to install a bourgeois order....." (1977, p.26)

However, class formation and consciousness in Peru, especially among the upper classes, was, in the 1820s, still at a relatively primitive stage, having been effectively splintered not only by the coexistence of a variety of forms of production and patron-client ties and familial alliances, but also by the Spanish policy of divide and rule. In turn, this had been reinforced by other factors such as geographical problems, poor communications and racial cleavages.¹

Whilst it may be possible to talk about Chilean Independence in terms of an emergent liberal group, the evidence indicates that in Peru such a group was negligible, and those individuals that did hold liberal views were not an embryonic capitalist class, but were intellectuals, priests. Jose de la Riva Agüero writes:

"Who were those that set up to govern the new born state? The poor, silly colonial nobility of Lima, incapable of effort and destitute of ideas? Their ineffectiveness left a void which was filled by military caudillos..." (1955, pp 117-118)

and a contemporary observer made two most significant allegations concerning support for Peruvian Independence - firstly that Lima alone was involved, and that rural Peru unanimously rejected

1. Colonial Peru had been a strictly hierarchical society composed of a number of racial categories, which even involved prejudice against creoles by the peninsulares. "The most miserable European" wrote Humboldt "without education, and without intellectual cultivation, thinks himself superior to the whites born in the new continent." (1811, ii,2 in Humphreys, 1969, p.83)

independence; secondly, that even in Lima it was brought about by a tiny group - not of aspiring liberals, but of:

"ambitious and bitter petty lawyers, priests and professionals (who) forced it upon a desperate and starving capital whose citizens were intimidated by armed force, threatened by imminent social chaos, and coerced by violence and fear."
(Pedro Angel de Tado, in Anna, 1975, p.223)

Anna's detailed statistical analysis of the male elite at the end of the 18th Century indicates its overwhelmingly reactionary character - 41.7% were members of the regular or secular clergy, and of these, 28.6%, representing the largest single category within the male elite, belonged to regular orders (Anna, 1975, p.234), and consequently lived entirely unproductive lives isolated from the community. In fact the proportion involved in any kind of productive activities was extremely low - 26.3% (op.cit., p.237) -, and it was most unlikely that 18th Century Peru would have generated a sizeable creole bourgeoisie, given the monopoly by peninsulares of commercial life, and the conservative nature of viceregal society. On the contrary, it is clear that, as Tado asserted, independence was supported simply by peninsulares whose property and income was fixed in Peru, and by creoles who wanted to supplant the peninsulares and assume their parasitic and unproductive functions. San Martin was well aware of this, and utilised it to gain a following. According to Anna he made promises to all major sectors of Lima society, telling the creole aristocracy, with accuracy, that they had been an "inert class without function in the midst of a society of soldiers and slaves", (in Anna, 1975, p.245) and that he would place them at the head of society. However, he also made promises

of power, money and advancement to the army (recognising them as the true future possessors of political power), and thus contributed to the emergence of caudillismo. He pledged himself, too, to distribute dozens of bureaucratic positions, despite the fact that there was already a scarcity of government employment, and both the states' institutions and finances were in ruins. Embleomania and corruption had long been a feature of colonial Peru¹, and in this way it was instituted as customary procedure at the birth of the Republic. It is clear, therefore, that Independence was established by those motivated by individual self interest, and in such a way as to exacerbate the divisions already existing within Peruvian society. However, San Martin further increased the potentiality for conflict within the elite by granting considerable rewards to his own followers who thus infiltrated the elite, and were not even Peruvians:

"The best positions and most desirable confiscated properties went first to Chileans, Argentinians, even Englishmen, before Peruvians. Well over half the administrative machinery of the young republic, even including the first congress was staffed by non-Peruvians." (in Anna, 1975, p.246)

The sierran 'hacendados' represented another sector of Peruvian society that could be described as generally operating outside the framework of any formal ideological struggle, whilst making a contribution to the state of political anarchy, especially as political power shifted to the countryside (Yepes, 1972). Wolf and Hansen (1966) have pointed out how the 'hacienda' system inhibited the development of a cohesive political association of 'hacienda' owners, since dependence on primitive technology led to continual competition over land and

1. The sale of offices was a traditional means of raising revenue employed by the Absolutist State (Anderson, 1979, p.34) and under Charles III the practice had been extended to creoles.

labour, and the consequent formation of kindred alliance/clientelistic politics. This competition, which set landowner against landowner and also against the nearby Indian community, was obviously intensified, and the non-capitalist relations, on which they were based, stimulated, as metropolitan demand for sierran products rose.¹ During the colonial period, the state had largely succeeded in curbing the tendency towards factional conflict through its role as mediator, and through its control of the army; but the political vacuum in 19th Century Peru resulted in generalised conflict in the sierra², raising the question as to whether anarchy was in fact the natural condition³ of the 'hacienda' systems (Wolf and Hansen, 1966). Beruf writes that the factional mode of conflict requires:

"... the existence of patron-client relationships in the countryside, a fragmentation of the dominant class on regional, sectoral, or ideological grounds; and consequently, the absence of a strong, centralised political system." (1978, p.24)

which is in fact a clear description of a feudal social organisation. But the parcellised sovereignty inherent in the 'hacienda', which could only be controlled by a strong state, in turn militated against the imposition of effective central authority. Colonial Spain had imported feudal social structures, but had generally succeeded in controlling them; the power vacuum in 19th Century Peru, itself largely a result of intense intra-elite conflict, enabled the feudal lords to assert their own political and economic autonomy

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1. For instance, wool from the Southern highlands (Spalding, 1975) The assault on the 'comunidades' was justified in the name of progress and westernisation of the Indian. (Pike, 1978, p.248)
 2. Newton writes: "The settlers foiled by the Crown in the 16th Century were finally triumphant..... South America's political society reverted to its components, the class, the tribe, the hacienda, the village." (1970, p.30)
 3. Salvador de Madariaga asserted that anarchy was "the national state of all Spaniards", a condition of Spanish society (1947, p.283)

(Bourricaud, 1969, p.153), which was further enhanced by the demands of metropolitan capital.

Consequently, part of the post-independence struggles must be viewed as being caused by the logic of class positions rather than occurring as a result of conscious class projects.¹ The most prominent actors in these struggles, who were generally motivated by personal gain, rather than political ideals², were the 'mestizos'. By definition the 'mestizos' had occupied no clearly determined position in colonial Peru, but were 'outsiders' (Wolf and Hansen 1966), they had represented a floating, rootless population,³ frequently acting as mediators/brokers between the white elite and the Indians, sometimes as the landlords' armed retainers. After Independence the 'mestizos', in their capacity as 'caudillos', came to be mediators between different sectors of the upper classes too (Beruf 1978, p.26). But the arming of the 'mestizos' also enabled them to compete with the creoles, and build up their own client systems - as individuals, however, rather than as representatives of a class. Chavarria writes:

"Una consecuencia importante de la Independencia... habia sido la perdida por parte de la aristocracia colonial peruana de gran parte de su riqueza y poder. La aristocracia, que habia basado su poderio en la posesion de minas y haciendas, fue cediendo gradualmente ante los caudillos militares.. "

(1972, p.124)

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1. Hobsbawm's discussion of 'instinctive and conscious class reaction' is useful here (1971).
 2. As late as 1875 U.S. Consul Gibbs commented to Fish that it was difficult to understand Peruvian politics - "there doesn't appear to be any particular principles at stake, nor .. party platforms but merely personal ambitions..." (Foreign Relations of the United States (Peru), October 20th, 1875).
 3. Although clearly some 'mestizos' became artisans in the cities.

This competition increased localised struggles over land and labour, which had been given fuller impulse by the abolition of communal land (Castro Pozo, 1963, p.497), and the attempts to increase the subordination and exploitation of the Indian. The sierra continued to form a vast, unofficial Indian reservation;

Kubler writes:

"The colonial status of the Indians did not cease with the creation of the Republic. On the contrary all the exploitative mechanisms of the colonial government continued ... Tribute although it changed its name continued to be levied.... The mita finally survived under a new name." (1963, p.353)

Furthermore, if the 'mestizo caudillo' did not establish himself as a 'hacendado,' but continued as a military leader, he depended partly on the Indian communities to provide him with soldiers¹, and, if he gained control of the state, tribute. Consequently, like the colonial administration before, the republican state could have an interest in maintaining the communities in opposition to the 'hacienda' - again, in imitation of the absolutist state and in opposition to the bourgeois property reforms. It is therefore evident that many of the post-Independence wars were not only concerned with the economic or political direction of the new republic, but were an extension of class/clientelist politics, their predictable functioning and interplay deranged by the broad diffusions of military power among large sections of the

1. Marx commented that the freed peasantry would normally, before being driven onto the 'narrow path' of the labour market ... "turn to begging, vagabonding and robbery as its only source of income..." (1857-58, p.507) 'Caudillismo' and the generally unsettled condition of rival Peru for most of the 19th Century allowed a large proportion of landless Indians and 'mestizos' to avoid being turned into free labour.

male population, and the collapse of the absolutist state after the expulsion of Spain.¹ This is of course not to imply that 'caudillismo' was not used by certain sectors of the upper classes for their own political ends; Beruf's work demonstrates the ways in which the class interests of the creole elite were expressed through personal conflict:

"..the military would serve to provide leadership to the contending factions thus representing the interests of the segments of the propertied classes embodied in the different political factions..." (1978, p.20)

The dominance thus gained by the 'caudillos', however, and the failure of the elite to reach agreement on anything but the most general issues, meant that factional conflict developed its own momentum; it became, along with embleomania,² a mode of existence, expressive of the predominance of feudal social relations, which the coastal elite, despite attempts to institutionalise the political processes and professionalise the army, was unable to control until after the Pacific war. It is consequently not truly possible to talk in terms of either an institutionalised state apparatus (Mathew, 1972, p.608; Miller, 1982) army or bureaucracy until after 1895. As a contemporary observer remarked:

"Peru is not a republic ... and never has been Its political constitution and its laws have nothing whatsoever to do with the people, nor have the people ought to do with them; and they care for them as they care for the

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1. Whilst the imposition of a modified version of the colonial state after Independence, which vested almost total power in the president added a further impetus to coups. By the simple overthrow of the president, who was the sole repository of state power, access to booty was easily gained; as poverty among the regional upper classes increased, such a course of action became increasingly attractive.
 2. "This great number of officials who have been accustomed to live on the state is a standing menace against the prosperity and peace of the country." (Gibbs - Fish, 21st August, 1876, Foreign Relations of the United States.

theory of gravitation .. from which they may indeed derive some .. comfort in its application, but the application of which will probably never enlighten their souls.(Duffield, 1877, p.133)

and in 1854 the British Minister in Lima, Sullivan, discussed Peruvian political processes in the following way:

"... the small towns in the South seem to be as zealous in the cause of the Government, as they were some months ago in the cause of the revolution. In fact the Peruvian people, of whom both sides talk so much, takes but little interest what party is in the ascendant, the revolution was got up by force of gold and the reaction which is now taking place owes its success to the same power. The leaders of the insurrection are already quarrelling among themselves for the spoils even before they have ensured success..." (Sullivan-F.O., F.O. 61/147, 21st July, 1854)

and in 1855 Sullivan informed Clarendon that following Echenique's defeat all Peru's civil servants were being dismissed without pay or pension (January 1855, F.O. 61/145). This procedure continued to be normal practice throughout the 19th Century.

It is apparent, therefore, that, on one level, the political and economic anarchy subsequent to Independence was symptomatic of the underdeveloped and disarrayed nature of class formation, together with the persistence of pre-capitalist political processes. This aspect of the conflicts interacted with the ideological struggles that also began to take place, and militated against their satisfactory conclusion, and the establishment of effective central authority. Dew's research on altiplano politics demonstrates the strong opposition to the centralised administration

that was formally created by Bolivar after Independence, and again by Gamarra, after the defeat of Santa Cruz's attempt to establish a more federated, regionalised structure. He shows the relative exclusion from formal central power of most sierran landowners, but equally the powerlessness of central directives. (1969, p.26)

The vitality of such fragmentation and regionalism in turn inhibited the development of an economic organising axis (Wilson to F.O., 29th September, 1838, F.O. 61/53), which could have integrated the new Republic, and ensured that one of the principal debates for much of the period, was centralism versus regionalism, rather than protectionism or labour policy. However, a further complicating factor was introduced by the fact that Independence had not simply splintered groups within one embryonic nation-state, but, partly because those nation states that were subsequently created fragmented groups stretching across frontiers ¹, also generated conflict of an intra-elite nature between countries. Once the integrative economic activity had decayed, as it had in Peru and Bolivia, along with the sharp decrease in intra-continental contacts, and the disappearance of the political organising axis, together with the simultaneous disruption of social values, there not only developed class conflict to derange the functioning of vertical linkages but also severe intra-class conflict. This intra-elite conflict occurred not only within the new national structures, but was also rationalised around the nation-state disputes that quickly arose. ² These

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1. This was obviously especially true of Peru and Bolivia, which had historically been united and shared a common culture. Peru even used the Bolivian currency until a monetary reform was carried out in 1863.
 2. Between 1828 and 1866 Peru fought wars with Bolivia, Colombia, Chile, Ecuador, Argentina and Spain.

disputes were caused by a variety of factors and demonstrated different aspects of, and produced different results for, the various states. For instance, since, in Peru and Bolivia, national consciousness could hardly be said to exist among either the Indians or the bulk of the upper classes, this conflict was clearly elite competition and was partly an expression of the social predominance of the military.¹ It also appears to perfectly demonstrate Perry Anderson's observation that the national occupation of a feudal class is warfare:

"The nobility was a landowning class whose profession was war: its social vocation was not an external accretion but an intrinsic function of its economic position."

(1979, p.31)

and similarly the Republican state devoted its income overwhelmingly to war. In 1860 Jerningham commented to Russell that the large guano advances would be:

"... frittered away, after the old system, in keeping up a large force and .. in military expenditures, instead.." (as in Chile) ..." of being employed in the development of the other resources of the country, on which to fall back, when the guano should have disappeared." (F.O. 61/193, Jerningham to Russell, 13th October, 1860)

However, as mentioned earlier, the normal functioning of feudal

1. In a report to the F.O., dated 18th August, 1877, Consul Graham discusses the Peruvian army, observing that "as the army is a potent weapon in fomenting revolutions, great efforts are made to pay it with regularity and to feed it properly, and in this respect the government of the day are generally successful." Furthermore, it was well armed and "well dressed". The most striking fact of all, however, highlighting the importance of the military as a career for the middle classes and younger sons of provincial gentry, concerns the extreme imbalance of officers to men, in 1876 there were 2,629 officers to a mere 4,000 ordinary soldiers. (F.O. 177/149, Graham to F.O., 18th August, 1877).

politics was overdetermined by two new factors, due to their occurrence in an Industrial Age and to the demands of metropolitan capital. The necessity to reformulate relations with the metropolis, together with fierce intra-state (elite) competition for metropolitan markets, capital and new export products, fuelled such conflicts, whilst the differing stages of political development and maturity of the various Latin American states also affected the issue. The varying levels of development of the new republics may be gauged by their susceptibility to bourgeois control through civilian politics. For Chile the Andean system of elite competition was not an expression of feudal preoccupation but a national Bismarckian venture to establish unity within and to contribute to the primitive accumulation of capital. But for Peru international wars were frequently extensions of civil wars and the feudal sector of the ruling class was essentially mobile and would collaborate with the Chilean elite as easily as with another sector of the Peruvian elite.

The dynamics of both the Peruvian and Chilean political systems, which were developing at this time, may therefore be said to have turned upon the interdependent nature of the Andean political system, within which the Bolivian republic was little more than a catspaw, a battleground and object of conflict. At this point, it is useful to compare the post-Independence development of the Chilean social structure with that of Peru.

B. Post Independence Chile and rivalry with Peru

Despite the high expectations entertained by British merchants of the potentiality of the Peruvian market, which, it was thought, would far exceed the Chilean, results were disappointing - Peru was quickly flooded with British goods (Humphreys, 1940, pp 93, n.2, 117, 124). By contrast, the Chilean economy and market offered more promise than had been expected; R. A. Humphreys comments:

"Valparaiso, whose population multiplied five times in as many years, soon resembled ... a 'coast town' of Britain and its reputation as the most important port in the Pacific was already established by the middle of the twenties..." (1969, p.122)

The structure of the Chilean economy had remained relatively intact, despite some disruption caused by the Independence struggle and, on the whole control of labour and markets for exports¹ were retained. On this basis the Chilean elite embarked upon a series of strategies designed to expand and diversify the economy (Frank, 1971, p.82), and, in addition to its prosperous export agricultural sector², copper was discovered, early on in the Republican period, in the North of Chile³. The rapid development in the exploitation (Ortega, 1982, p.1) and export of minerals from the mid 1840s onwards (Joslin, 1963, p.7.) not only stimulated the economy, but also led to diversification into the industrial sphere, (Kay, 1981, p.489)⁴:

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1. While Peru "found itself drained of bullion in exchange for consumer goods and weapons of war" (Humphreys, 1969, p.128) (my emphasis), Chile had exports to offer in exchange.
 2. "Wheat exports increased fourfold between 1850 and 1875" (Kay, 1981, p.48)
 3. This discovery also contributed to the extension of Chilean influence Northwards into Atacama.
 4. These industrial developments enabled Chile to compete with Europe and North America in the processing of certain raw materials; Peruvian metals began to be sent to Chilean smelting works. (Consular Reports Arica and Islay, P.P. 1878, LXXV, 31st January, 1878).

"In the second half of the last century, an important effort was made in the field of metallurgy. Numerous industries of this type were installed in the region of Santiago and Valparaiso, the majority of them directed by foreigners. The projects of these metallurgical industries were ambitious.." Moreover, "... the initiative developed in the metallurgical industry showed its efficiency by being able to provide the necessary arms and equipment for the army and navy during the War of the Pacific..." (Nolff, 1962, p.154 in Frank, 1971, p.85)

Deliberate political and economic measures were taken to stimulate national capitalism¹, such as the gradual acquisition of an indigenous merchant marine, the construction of modern port facilities in Valparaiso and the development of railways, beginning in 1852 (Oppenheimer, 1982, p.53). From 1841 - 61 the Chilean economy was enjoying a boom, which was of a more balanced and integrated nature than that generated by the Peruvian guano industry, and which produced substantial backward linkages into Chilean society as a whole (Sepulveda, 1959, p.35). Furthermore, reflecting the early assumption by the state of a dynamic role,:

"All this wealth was re-invested in great public works. Roads were opened, railroads built, ... steamships travelled the extensive Pacific coasts ... The telegraph shortened communications ... Economic and technical progress transformed the standard of living ... mining expanded ... The development of railroads and the growth of commerce produced the enrichment of many families. (J. C. Jobet, cited in Pinto, 1969, p.19)

It appears clear that post-Independence Chile, like Peru, was characterised by predominantly non-capitalist relations of production.

1. Ratcliff (1974) comments on the 'dynamism' and 'aggression' of Chilean capitalist development in the middle and late 19th Century.

However, significant differences enabled the Chilean elite to quickly establish an effective central state structure. There are several reasons behind this early success, which have already been mentioned, and which range from Chile's colonial heritage and favourable topography (Blakemore, 1974) to a less reactionary, aristocratic and ecclesiastical social climate. Furthermore, widespread flight to Spain of both capital and the educated and business classes did not take place after Independence (as occurred in Peru); and although Chile did experience a few years of intra-elite conflict, internal unity was relatively quickly established.¹ By 1833 a constitution had been adopted which created a strong state based on a centralised, authoritarian political system (Drake, 1978, p.89), which excluded all landless and illiterate persons, but does appear to have been fully representative of the upper classes, (Pregger Ramon, 1979). Furthermore, it was not simply a reimposition of the colonial absolutist state, or a meaningless European-style constitutional charade. The state that was constructed was suitable for the transition to capitalism and was geared to bring about capital accumulation and establish suitable relations with metropolitan powers. Moreover the elite succeeded in converting the Chilean army into a professional, bureaucratic force. This progress was observed and applauded by foreign capital, even though certain attempts at economic nationalism brought Chile into conflict with H.M.G. Kiernan writes:

"Its landowning oligarchy, controlling both economic and

1. Unity was established both within the elite, and, at a superficial level, among the population as a whole which at least generally shared a common language and culture.

political life, maintained an unusually stable system as well as a parliamentary facade, while its long coastline and commercial opportunities kept it from standing still ...

Englishmen admired its solid governing class" (1972, p.304)

Chile was felt to be 'almost European' - almost white, and consequently at a more advanced stage in its development than its neighbours, - and at the turn of the century, U.S. Consul, T. C. Dawson wrote:

"like the English aristocracy that of Chile is truly representative, wielding its power with a keen sense of its responsibility to the nation." (1904, Vol.2, p.229-my emphasis)

Whilst reports of Peru's anarchy ¹ and decadence ² reached Britain, producing the comment in a private letter from Wilson (British Minister in Lima) that:

"South American politics are per se disgusting South American faithlessness and ingratitude are proverbial..."
(F.O. 61/53, 20th July, 1838)

British merchants were beginning to establish a close and harmonious relationship with the Chilean elite. The American minister in Santiago, wrote to Clay of:

"... the English interest in Chile, created by mining companies, commercial relations and intermarrying with the natives." (Heman Allen to Clay, 5th November, 1825, in Manning, 1925, Vol.ii, p.1106)

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1. British F.O. documents reveal a deep preoccupation with the state of anarchy frequently referred to as prevailing in Peru, and disrupting trade. On the 14th April, 1839, Wilson wrote to the F.O. of the "enthronement of a military anarchy in Peru and the practical restorations of the old Peruvian system of stock-jobbing, monopoly, contraband and fiscal derangement" (Wilson to F.O., F.O. 61/58, 14th April, 1839).
 2. Darwin's observations on Lima were most unfavourable, describing it as filthy, while concerning Peruvian society as a whole he wrote: "No state in South America, since the decade of Independence, has suffered more from anarchy than Peru." (1840, p.266)

In 1834 Wilson reflected on the unreasonableness of the Peruvian government in comparison with Chile:

"Valparaiso has become the deposit port of the Pacific because it is the first port after Cape Horn and ... tends to supply the West Coast of South America ... The comparatively liberal commercial policy of Chile, and the insanely antiliberal commercial system of Peru have both tended to secure to Valparaiso this preference from which she derives such immense advantages so deep-rooted and inveterate are prejudices against foreigners in Peru, so blindly ignorant is the country generally of the advantages to be derived from extensive and unfettered commercial intercourse that, I almost despair of seeing even an attempt made to raise Peru from the degraded commercial position into which she has been sunk by the selfish ignorance of ... her rulers."
(Wilson to F.O., F.O.61/26, 19th January, 1834)

and the special relationship established between the British and Chile was reflected in ideological support - through the British press - , and even in practical support by individuals in its wars. ¹

However, the major factor in the success of the Chilean state, and economy, relative to Peru, was the aggressive 'Real - Politik' foreign policy that it adopted. Having concluded a successful marriage of 'iron and rye', the Chilean elite attempted to develop national capitalism through a combination of appropriate domestic policies and aggressive adventurism abroad. Its Northern imperialism,

1. For instance on the 8th August, 1838, Wilson reported to the F.O. that in its wars against the Peruvian-Bolivian Confederation several British vessels had been observed in the Chilean fleet. (F.O. 61/55, Wilson to F.O., 8th August, 1838).

economic prosperity and partnership with/dependence on British capitalism became therefore inextricably linked and focussed on the Bolivian coast.

The rivalry between the Peruvian and Chilean elites did not evaporate with Independence and; furthermore, Chile's subsequent development inevitably brought it into direct conflict with Peru. Robert Burr (1974, p.18) has discussed the importance of foreign adventures in the consolidation of the Chilean capitalist state and has highlighted the influence of the statesman Andres Bello, a student of European power politics, on foreign policy decisions from the 1830s onwards.¹ Bello's policies were largely directed against Peru, because the former predominance of the Peruvian upper classes in South America led the Chilean elite to view Peru as the only Pacific state that really constituted a serious threat to Chile. At first the rivalry simply expressed itself in commercial strife, but in 1830 it first erupted into war, bringing the competition between the merchants of Valparaiso and Callao to a head. In 1832, Portales, the architect of the ideology of Chilean supremacy and of the Chilean authoritarian state (Drake, 1978) launched an offensive against Peru. As with later offensives, he was also motivated by the need to unite opposing factions at home and thus overcome domestic difficulties. Then in 1835 a liberal commercial treaty which was highly advantageous to Chile and which had been forced upon Peru at an earlier date, was denied by Peruvian leader Orbegoso. This event, together with the complicating factor of a

1. However Burr fails to recognise the class nature of these apparent nation-state conflicts.

loan contracted by Peru in Chile a few years previously (Veliz, 1977, pp.3-20) and the formation of the Peruvian-Bolivian Confederation, led to a minor war. Chilean participation and later victory was also brought about by a Peruvian civil war, and an alliance between the Peruvian revolutionaries and the Chilean elite. The Confederation was violently opposed by many sectors of the conservative Lima elite, who, led by Gamarra, turned to Chile for help. Furthermore the Confederation was felt to seriously endanger the West Coast balance of power and Chilean commercial ambitions, and therefore on 10th September, 1836, President Portales ordered Manuel Blanco Encalada to lead a campaign to:

".. achieve the second independence of Chile... The Confederation must forever disappear from the Americas scene. By its geographical extent, by the combined wealth of Peru and Bolivia, until now scarcely touched; by the rule that the new organisation, taking it away from us would ... exercise in the Pacific, by Lima's larger number of cultured white people closely connected with influential Spanish families; by the greater intelligence, if indeed inferior character, of its public men, the Confederation would soon smother Chile We must forever rule in the Pacific..." (In de la Cruz, 1936-37, III,p.452)

The successful conclusion of this war established a conservative faction in power in Lima, under the presidency of Gamarra and the influence of Chile, and led to further civil wars. For the Chilean upper classes it largely eradicated the feelings of inferiority expressed above. It also consolidated both the Chilean state and Valparaiso's position of supremacy, and left the Chilean elite in an advantageous position from which to embark on its policy of expansion. Finally, it had inaugurated a system of

West Coast power politics, dominated by the Chilean elite. This system of power politics, from the 1842 exploratory expedition onwards, centred specifically on the Atacama Desert. The resulting dispute was primarily between Bolivia and Chile; however, the economic nature of the dispute and the central importance of nitrates and guano, and the resultant involvement and intertwining of Chilean, Peruvian and European capitalism in the industries in the border areas, together with the traditional rivalry between Peru and Chile, necessarily led to the inclusion in the dispute of Peru and also, indirectly, of Britain, France and the U.S.A. Bolivia, however, although the scene of dispute, tended to remain a pawn in this struggle. The Chilean-Peruvian tension was heightened by the presence of numerous Chileans in Peru (F.O. 61/318), who were frequently discriminated against and therefore constituted a permanent issue of contention between the two countries. From the 1840s onwards the rivalry¹ was expressed in terms of naval competition as well as commercial strife. In March 1848, the Chief of the Chilean Navy noted the extraordinary amount of the Peruvian state income devoted to the military, and insisted that:

"... the steady enlargement of the Peruvian navy requires similar efforts on Chile's part ... to maintain between the two states the peace that is so greatly desired"

(in Luis Uribe Orrego, 1914, p.202).

And in 1852 'El Correo de Lima' reported a Chilean newspaper article

1. This rivalry and tension expressed itself in many ways. Before the war in 1866 against Spain, an earlier attempt to regain a foothold in South America had rallied the West Coast powers. In 1847 Peru convoked an American congress to discuss the problem raised by the Spanish puppet, Flores, who was trying to gain power in Ecuador. However, an attempt in the subsequent treaty of 1848 to institutionalise a system of co-operative peacekeeping was strongly opposed by Chile as imposing a limitation on its sovereignty.

on guano and salitre which remarked:

"Esas riquezas permiten al Peru hacer adquisiciones navales como el Amazonas, con el cual sera dueno absoluto de los mares." (26th May, 1852)

The intense intra-elite rivalry remained a feature of West Coast politics right up until the Pacific War, (with a brief break in the 1860s, when a temporary alliance was forged between all three groups in order to combat the menace posed by Spain's attempts to regain power in Peru). In Peru and Bolivia, the Chilean threat failed to unify the elite, but was, on the contrary, utilised by different sectors in their attempts to defeat a rival faction. This occasionally was extremely detrimental not only to the potential coherence of the Bolivian or Peruvian elites, but also to national control over economic assets, as is demonstrated by Melgarejo's pro-Chilean attitude, Gamarra's policy in Tarapaca and Pierola's adventures. The Chilean elite, however, achieved a greater degree of unity in the face of external threats and earned a reputation with metropolitan capital as an efficient and stable collaborator. (Blakemore, 1974, p.9). In a letter to Palmerston on 11th March, 1839, Wilson contemplated the likely future relationship between the three countries and foreign capital, following the defeat of Santa Cruz:

"Commercially speaking, she (Bolivia) will be dependent upon Chile; a fate to which Peru, a prey to continuous anarchy and illiberal and corrupt administration, must practically submit for many years to come.

The commercial supremacy of Valparaiso and of the Chilean flag in the Pacific '..... the destruction of direct

trade between the United States, Europe and Peru, the consequent retardation of the development of her industrial resources by withdrawal therefrom of British enterprise and capital will be the necessary and immediate results of the Chilean invasion or restoration of Peru....." (F.O. 61/58)

and speaking in 1884 to one of the fractions of the totally divided Peruvian elite at the Cajamarca Assembly, just prior to concluding a humiliating peace with the Chilean state, Iglesias summarised the situation:

"Chile, pueblo unido, sensato y fuerte por los beneficios de una larga y no interrumpida paz interna, disciplinaba sus guardias nacionales, economizaba sus tesoros, conservando su credito, adquiria poderosos elementos navales, y esperaba, disimulando, la ocasion propicia para imponerse. El Peru hondamente dividido por facciones personales, prodigando locamente sus riquezas, desangrando por una sucesion interminable de contiendas civiles, precipito locamente los acontecimientos, dando a Chile el pretexto que anhelaba. Signo una alianza sin adquirir los medios materiales que la hicieran eficaz y respetable, y sin armada, sin ejercito, sin recursos de ningun genero, al decretar la expropiacion de las salitreras de Tarapaca, devolviendo a Chile capital y brazos empleados en nuestro territorio, no solo le dio un motivo de ruptura, sino un aumento de medios decisivos de accion." (12th January, 1884, in Ugarteche, 1945, pp.154-155)

CHAPTER 7 : FOREIGN CAPITAL AND THE EMERGENCE OF A PERUVIAN BOURGEOISIE

A. The Early Years

From the preceding chapters the importance that must be assigned to the persistence in Peru of pre-capitalist configurations of political, social and economic relationships should be evident. It is in this context that the emergence of a Peruvian bourgeoisie and the role of foreign capital should be viewed. However, it is important to attempt to advance beyond Dependency theory in this analytical endeavour, (cf Henfrey, 1981). The Dependency School, while encompassing a broad spectrum of ideological viewpoints, focusses specifically on the way in which Latin American States were inserted into the world economy as the primary cause of underdevelopment. There is a consensus therefore, within this theoretical approach, that the major obstacles to Latin American development should be situated in terms of phenomena such as the repatriation of profits, onerous loans and disadvantageous/declining terms of trade, (for instance, Emmanuel, 1972) - that is to say, the external appropriation of surplus. These factors must be acknowledged have inhibited capital accumulation and, combined with the pressure exerted by H.M.G. on Latin American states to perform a dependent role within the international division of labour, were clearly contributory to the 'development of underdevelopment'. However, since the unit of analysis employed should be that of class rather than that of the nation state (Weffort, 1971), the impact of foreign capital must be understood in terms of the endogenous political and

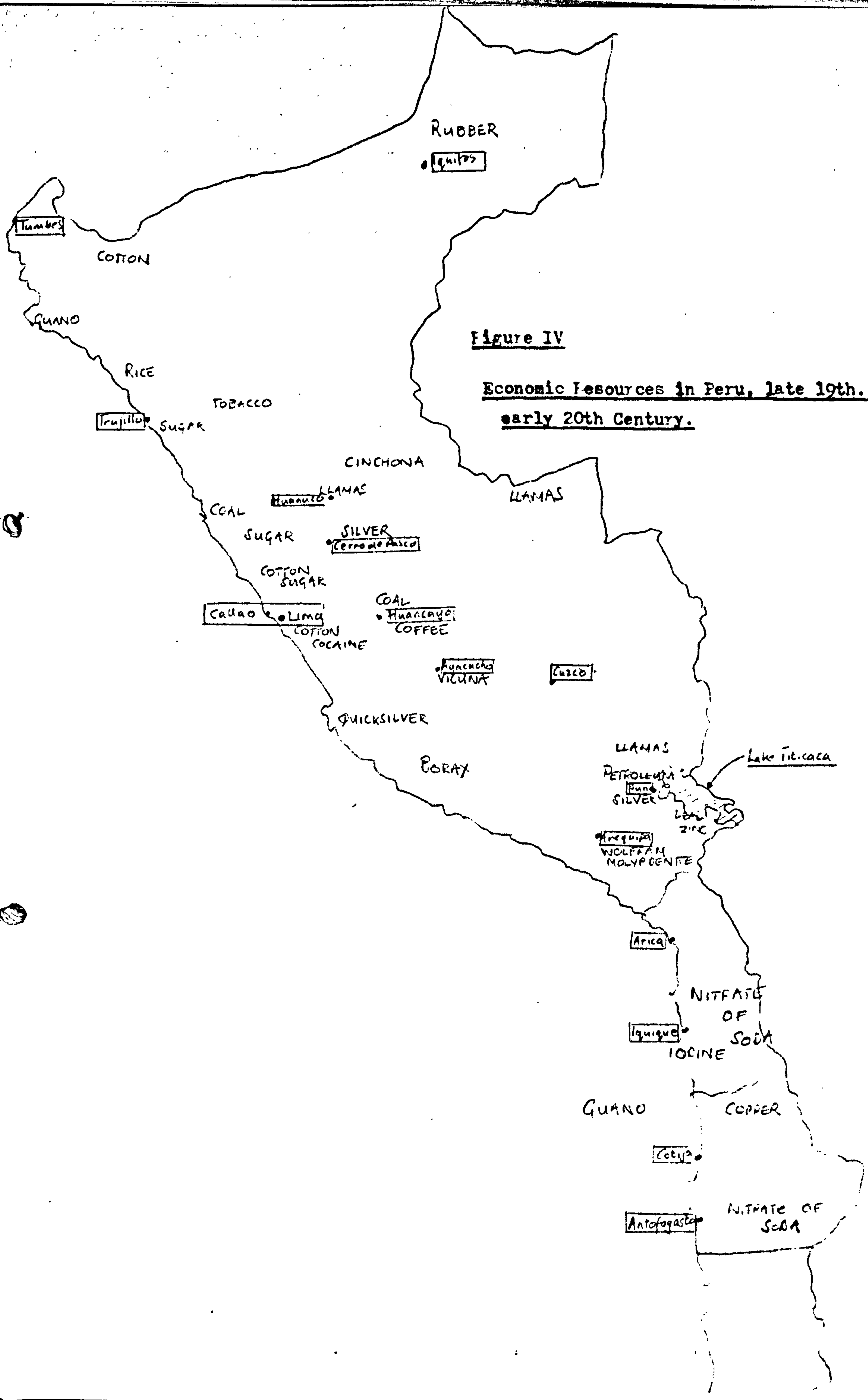


Figure IV

Economic Resources in Peru, late 19th.,
early 20th Century.

social structure; in terms of the effects of the functioning of the capital accumulation process in the core economies on the internal dynamics of the peripheral society, (for instance see Chapter 1, p.13). The neo-colonial relationship established between the Peruvian and British economies was largely due to cultural attitudes and the socio-economic base of the Peruvian elite; the dominant, export-oriented sectors of the Peruvian possessing classes utilised foreign loans to develop capitalism without revolutionizing domestic social conditions, whilst foreign capital, in turn, actively reinforced pre-capitalist social relations.

The process whereby capitalism in Peru was established in its 'crudest form' (Meillassoux, 1978, p.168) was therefore a mutually reinforcing one whereby the reactionary and colonial nature of the Peruvian elite conformed to the needs of metropolitan capital and vice versa, foreclosing the option of self sustaining and industrial capitalist development, aimed primarily at a domestic market. Similarly a bourgeois revolution of the Anglo-American variety could not occur. Let us now consider the ideological struggles that took place in the republican era prior to the Pacific War.

The central debate that was carried out after Independence involved a tiny group of individuals whose socio-economic base and intellectual viewpoints were not, in fact, wholly dissimilar. The debate was, moreover, conducted in terms of conceptions and language which mimicked the West European vision of the ideal methods of political and social organisation, whilst both the symbolic machinery of the state and local political power was monopolised by the caudillos. Nevertheless, these:

".... refinadas polemicas filosofico-legalista ..."
(Yepes, 1972, p.96).

did exercise a degree of influence over policies pursued by the successive military governments, and did express contemporary concerns.

A feature of the creole elite had always been its exclusion from the formal political processes of the colony. As observed in Chapter 5 central political power had been exercised by the 'peninsulares', while the creole elite had expressed its power through its socio-economic position. This fact, combined with the poverty¹ and disunity of the possessing classes after Independence, resulted, as noted above, in political power being transferred to the 'army', and the armed retainers of the 'hacendados'. However this also coincided with conservative political philosophy. For the principle conservative ideologues of the early republican

1. One of the first British merchants to establish himself in Peru recorded in 1826: "the ruin of many rich families, the emigration of others, and the long suffering of the people...." which had "occasioned so much poverty and ... desolation." (Charles Milner Ricketts in Hanke, 1967, p.18); whilst Echenique, a member of the Peruvian aristocracy who became president of Peru, wrote in justification of his financial coup on behalf of a sector of the upper classes: "... impoverished in the extreme by the Wars of Independence and by those of the Republic afterwards.... and deprived of still more capital which was taken away by rich Spaniards who went into exile, public wealth was reduced to nothingness and consequently rural properties were without hope ... and the urban ones in a state of utter ruin Without capitalists... and with a few speculators who charged as much as 2 or 3% per month for their money, it was impossible either to take advantage of their capital or to check usury and as a result poverty was great and widespread." (Memorias of Echenique, p.195 - in Maiguashca, 1967, p.57). This widespread poverty not only reduced the power of the creole upper classes, but also diminished the attractiveness of government to them, which at the time, offered little financial reward.

period, notably Jose Maria de Pando, Herrera and Pardo y Aliaga, the ideal state was simply a republican version of the colonial administration¹; Pando - prophetically and realistically - envisaged a situation in which the military governed under the influence of an 'aristocracy of wisdom' (Pike, 1967, p.78). This Platonic viewpoint therefore required a centralised and authoritarian structure with an all powerful executive, backed up by a large bureaucracy and a powerful church. On the other hand the liberals, principally represented by priests Francisco Javier de Luna Pizarro, and the Mariategui brothers and Francisco Paulo Gonzalez Vigil, and, subsequently, Nieto, Castilla, Santa Cruz and Elias, tended to favour a federalist form of government, and a subordinated army and church. On the whole, and especially after the defeat of Santa Cruz' federation, the conservative viewpoint effectively prevailed² for much of the pre-Pacific war period, (in social and political terms), despite several major periods of liberal reform and modernization; this was particularly notable with regard to the central position of the executive, the predominance of Lima, (Davalos y Lisson, 1919, Vol. IV) and the strength of the church. It is also important to note that the lines within this ideological struggle were not clearly drawn. Individuals would change sides, and

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1. Frequently not even that modification was envisaged; many conservatives held monarchist (Pinillos, 1947, p.29) and extreme ultramontane views.
 2. Although, to a degree, the formal philosophies of the two groups were reconciled in the 1860 constitution (Yepes, 1972, p.97); the reality was however, as noted in Chapter 3, a weak and vestigial state.

sometimes the 'conservatives' appeared as modernizers and nationalists, whilst the 'liberals' were generally closely connected with foreign capital, but conservative in their social outlook.

Bollinger (1977) discusses the ideological debates in terms of an incipient national bourgeoisie in conflict with a comprador bourgeoisie; however, Gootenberg's (1982) discussion of the struggle over protectionism reveals the complex and fluid nature of these conflicts. Whilst industrialization was never, given the predominantly racist and agrarian outlook of the Peruvian elite, of widespread concern, it did become a matter of discussion, in Lima, at the beginning of the Guano Era. Some capital began to be used to set up factories, notably in glassware, cotton, paper and textiles, (Rippy, 1946, pp.147-8). Export merchant Juan Norberto Casanova, in particular, was an enthusiastic proponent of manufacturing who backed the calls of artisans for protection in order to establish native industry. Furthermore, other prominent and wealthy merchants were also involved - for instance, Gonzalo Candamo invested in textile factories (Macera, 1974). Ultimately, however, the consumer and mercantile interests of the elite led them to abandon the artisan campaign, (partly alienated by its simultaneously reactionary and Jacobin character). Wilson pinpointed the major problem in his 1857 trade report, in which he noted that, despite the protection of tariffs:

"The indigenous manufacture of the unbleached Tocuyos has been gradually decreasing, and will in all probability be entirely abandoned, the same description of this article

being produced at so much less cost in England, and the United States that even after paying import duties and all other charges the Foreign Manufacture can be offered at half the price of the native production..." (F.O. 61/53 Wilson to F.O., 29th September, 1830; my emphasis).

The debate over protectionism and free trade that took place in the late '40s, early '50s highlights the dominant groups in Lima society. It is clear that, as in colonial times, mercantile capital predominated, and that while it was prepared, briefly, to consider expanding into manufacturing, its reactionary character led it ultimately, in the face of European competition, to prefer speculative and financial, or agrarian activities and withdraw its capital ¹ (Macera 1974, p.40). Consequently the doctrine that support should only be given to industry that could freely compete was propounded, and, from 1852 onwards, the Peruvian Government adopted a (relatively) consistent liberal economic policy. Without a strong state that was firmly committed to a degree of self-sustaining economic growth, factory production was consequently not feasible. Ultimately, Leguendo's solution to Peru's deteriorating economy, proposed as early as 1794, that:

"... they should abridge their use of European manufactures and content themselves with those of their own production..." (F.O. 61/2, Rowcroft to F.O., 16th August, 1824).

was appealing only to the artisans who were, in fact, motivated largely by reactionary sentiments and who:

"had always relied on and endorsed the European habits of an elite consumer class." (Gootenberg, 1982, p.351).

Indeed, Gootenberg also observes that when the Lima artisans had enjoyed the protection of high tariffs, in the 1820s and '30s:

1. This remained a persistent characteristic of the bourgeoisie. Chaplin, in his work on the development of industry in Peru comments that managers and owners were usually "more mercantilist than industrial in their actions and beliefs." 1966, p.18.

"No attempts were made to reorient production to match needs of poorer consumers, who (instead) relied on industrial imports when purchases were possible," (ibid, p.342)

despite the fact that, at this time, the elite markets had virtually disappeared. Furthermore consumer tastes in general favoured the European products so long denied the Peruvian customer. Even in the mid-20s, at a time of extreme poverty amongst all sectors of society, Ricketts wrote:

"The Peruvians have certainly acquired a taste for the commodities of Great Britain.... English mechanics, carpenters, cabinet makers, blacksmiths, watchmakers ... meet with ready employment.....";

this trend reflected, above all, the strong Anglophilia on the part of the elite, especially amongst the coastal liberals:

"... the highest class of the community feel the importance of cementing the friendship and forming an extensive intercourse with Great Britain...." (op.cit., pp.21/2);

and W.B. Stevenson, writing in 1825, confirmed the existence of a veritable mania for English goods:

"On entering a house in Lima, or in any other part of Peru almost every object reminded me of England.... even the kitchen utensils were English...." (1825, Vol. I., pp.349-350).

The issue of protectionism as against a free trade policy was obviously seen to be of major importance by the F.O., given that the early British industrial economy relied for its expansion chiefly on international trade. (Hobsbawm, 1969, p.135). British anxiety to overthrow the Spanish monopoly of trade with South America, and its expectations of the potentiality of the

markets in the New World had long been apparent ¹, and were clearly expressed by the participation of British individuals in the liberation struggles and by attempts to expedite Spanish departure. In 1807, following the failure of two expeditions, one official and one unofficial, designed to annex Buenos Aires, Castlereagh announced to the Cabinet that:

"the particular interest which we should be understood alone to propose to ourselves should be ... the opening to our manufacturers of the markets of that great continent..."

however, he cautioned that:

".. in looking to any scheme for liberating South America, it seems indispensable that we should not present ourselves in any other light than as auxiliaries and protectors."
(in Ferns, 1960, p.48).

However during the early years of independence, up until at least the mid 1850s, while the British control over the economies of the hemisphere was still uncertain, and politics was in the hands of frequently anti-British 'caudillos', the cruder tactics of threats and bullying were frequently resorted to. This included the questioning of the sovereignty of the new South American states when policy decisions conflicted with British interests. Thus, on 15th January, 1834, British Minister Wilson asked the F.O.:

1. British economic intercourse with South America had really commenced at the beginning of the 18th Century through the contraband trade; consequently a strong relationship had developed between the elites and British merchants. This was especially true of Chile, where the British and the upper classes were "bound together by trading ties and naval connections. Britain had played an important part in the manning of the first Chilean navy during the wars of Independence." (Blakemore, 1974, p.10).

"Has the Government of Peru a right to blockade one of its ports, thereby excluding foreign shipping from that port,...?
(F.O. 61/26) ¹

and the F.O. documents reveal that continual pressure was exerted on the new governments to implement the free trade policy which was finally achieved in 1852. It is also clear from these sources that the initial protectionist stance was prompted by the corrupt and traditional nature of Peruvian politics and the need to raise revenue (Platt, 1972, p.80), as much as by the adoption of a clear strategy for industrialization or the emergence of an industrial bourgeoisie:

"The principal burdens upon commerce in Peru consist in absolute prohibitions, in the heavy amount of duties, the tardiness of the customs employees, and the innumerable petty embarrassments in all the Customs Houses, following up the old Spanish system of frightening away commerce instead of encouraging it... Hence a foreigner in Peru can never obtain justice in any case but through bribery, hence the wanton neglect of their interests, and the barefaced manner in which they are cheated, both by the Government and by Private individuals; witness the shameless neglect of even an attempt to pay the dividends on the loan..." (Wilson's commercial report, 19th January, 1834, F.O. 61/26).

The above extract alludes to two of the crucial elements that were to characterise the relationship between British capital and the republican governments prior to the Pacific war; firstly, despite dissatisfaction with internal affairs, the establishment of a modus vivendi between Peruvian governments and British

1. cf. contemporary British pressure on China (see M. Greenberg, 1973, and Chesneaux et al., 1977).

merchants¹, largely based on corruption - contracts in exchange for hand-outs. In this way British policy aims were attained by reinforcing the pre-capitalist nature of the Peruvian political processes. In 1834 Wilson described one of the methods by which an alliance of Peruvian and foreign capitalists attempted to impose a policy of economic liberalism on the government:

"A commission of foreign and native merchants is to be appointed for the purpose of preparing a Project of a Commercial Code for the approval of the Government The Government was induced to adopt this liberal course under the following circumstances. The foreign merchants were called upon to advance money to the government by way of a loan. After consulting amongst themselves, a sum amounting to about \$37,000 or £7,400 sterling was subscribed, and offered to the Government as a loan on the express condition that the decree just before alluded to should be issued..." (F.O. 61/26, Wilson to F.O., 20th March, 1834).

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1. Gootenberg discusses the emergence of a Peruvian merchant group, due to Government legislation in the 1820s and '30s restricting the foreign merchant's activities (although it was not consistent in either its enactment or application). However this exclusionism was discarded in favour of collaboration once the Peruvians were firmly established: "Native and foreign merchants worked closely to secure military supply contracts, infuriating local artisans. Peruvians possessed the political connections while foreigners arranged the overseas deals. A relatively reduced, prosperous and politically crucial group of native merchants thus merged with liberal foreign interests. This change was foreseeable... Once secure, their politics were bound to change, since they were essentially an 'intermediary class', dependent on foreigners for goods and credits.." This liberal export alliance restricted control of and benefits from the Peruvian economy to a tiny group, and effectively precluded the development of a manufacturing base: it also gave foreign merchants an effective lever to exert influence not only over trade and economic policy, but also therefore over Peruvian internal politics; "By the 1850s foreigners dominated the 'consulado'" (Gootenberg, 1982, pp.336, 337). It was this group - hardly a reforming, national body - that would later on form the nucleus of the Civilista Party.

The second major strand in the British-Peruvian relationship concerned the importance of government loans, not only from merchants, but also those placed in London, and the resultant diplomatic wrangles over the Bondholders' rights. Official government policy towards the Bondholders' grievances varied, according to the influence wielded by those heading the Bondholders' committees and to the importance to the British economy of overseas investments (rather than to changes in F.O. personnel—see Blakemore, 1975); in the 1850s it brought the two countries to the brink of war (see F.O. 61/170, January, 1857, "Our case for going to war with Peru").

The Peruvian republican government had begun life not simply bankrupt, but in debt (Humphreys, 1969, p.124), and consequently Independence was marked by the flotation of a loan on the London Money Market. By 1825 Peru was already in default, as were most other Latin American states. However, loans continued to play a prominent part in the British-Peruvian relationship during the next 50 years. The expansion of British capitalism that took place during the 19th Century was inextricably linked to the extension of capital investment abroad. This was to serve not only to relieve the pressure of capital at home and provide high profits, but also to draw these newly emergent economies into a dependent relationship with British industrial capital, whilst financing the development of an infrastructure suitable for foreign transactions, (cf Luxembourg - 1972, p.60 and Cardoso y Faletto, 1969, p.43). Within this relationship both Peruvian and British

merchants were intermediaries - agents of industrial capital who negotiated with the governments and pre-capitalist export groups. Loans served to finance the purchase of British manufactures, handled by the merchant houses ¹, and to revive the indigenous raw material export industries; they forced participation in the world economy. Defence of British investments, both those of the Bondholders and the merchants, was an integral part of British policy, and was, in both the opening and middle decades of the 19th Century, conducted vigorously, along with the campaigns to open up the markets to British goods. In response to the general Latin American default in 1825, H.M.G. instructed its diplomatic staff to become agents for the Bondholders in South America, to hold funds for their accounts and to participate in their collection by the management of monopolies and customs (F.O. 61/5, official memo to Ricketts) - thus making a clear commitment to an interventionist policy in defence of all sectors of British capitalism.

It was the theme of free trade, however, that dominated British policy during the early years of South American Independence; in 1841 Palmerston announced to Auckland:

"It is the business of government to open and secure roads for merchants." ² (January 22nd, 1841, in Platt, 1968, p.85).

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1. At first the purchasing power of the Peruvians was most disappointing, after the initial spending spree; Platt notes that for some time the approximately forty foreign merchant houses in Peru were probably the largest consumers of their own imports. (Platt, 1972, p.50).
 2. The following year, (1842), Mariano Otero noted the consequences of economic liberalism in Mexico: "... trade was no more than the passive instrument of foreign industry and commerce... and today these cabinets, in everything submissive to the mercantile spirit, are profoundly interested in keeping us in a state of misery or backwardness from which foreign commerce draws all the advantages." (in J. Cockroft, 1974, p.244).

In the pursuance of this goal, the F.O. frequently did consider overt involvement in South American internal politics.¹ The late '30s and early '40s were years of extreme depression for the British economy and were characterised by general social unrest; consequently manufacturers and merchants lobbied H.M.G. to achieve the opening up of South America, which because of protectionist policies, had only partially occurred on Independence. The solution to the 'Hungry Forties' was to be partly found in the South American economies. Consequently the F.O. welcomed the liberal government of Santa Cruz, which concluded a free trade Treaty with the U.K. and abolished the interior Custom Houses of the republic (F.O. 61/58, Wilson to Palmerston, 19th April, 1839).

However, even with the 'enlightened', pro-British Santa Cruz it was necessary to be alert for potential plans to build up intra-regional trade. In 1839, the F.O. issued Wilson with the following instructions concerning a Congress in Mexico City that was to discuss the possibility of concluding Treaties between South American states, which would place their commerce on a:

"... more favourable footing than that of European countries with those states....

If the Government of Peru-Bolivia should entertain the notion of appointing Ministers to attend a Congress of this description,

1. For instance, in 1839 it was suggested that a 'competent naval force' might be dispatched to Peru to ensure the observance of a beneficial commercial treaty (F.O. 61/58) and in 1842 an F.O. memo on British trade proposed an intervention in the River Plate area in order to defend free trade and navigation rights, since this was a matter of self preservation: "Self preservation, as it regards Great Britain, can scarcely be said to consist in only maintaining political power, in the simplest acceptance of the term, in as much as the commercial interests of Great Britain are so mixed up with her political strength, that it becomes necessary to support the one in order to maintain the other." (J. Murray memo on British Trade, 31st December, 1841, F.O. 97/284).

I have to instruct you to take every opportunity that may present itself, to dissuade General Santa Cruz from giving his consent to the principles of establishing differential duties in favour of the states of South America."

(F.O. to Wilson, F.O. 61/57, 27th May, 1839).

In fact civil war had already broken out in Peru and had resulted in the resignation of Santa Cruz by the time the above message was written, and the British Minister, in an attempt to retain the improved trading position for British capital, had become involved in the struggle. These efforts were not successful. Wilson wrote to Walpole:

"My hopes of being able to contribute to bring about a Peace between Chile and the Peruvain-Bolivian Confederation by means of a negotiation have, for the present at least, been entirely frustrated; but I am unwilling to abandon all hope of Her Majesty's Mediation being eventually instrumental in bringing about an event now become more than ever desirable to the interests of the two belligerent countries and of Great Britain....." (F.O. 61/58, 1st February, 1839).

Furthermore the intervention aroused deep hostility towards the British among certain sectors of the Peruvian population,¹ according to Wilson this was because:

"... jealousy and hatred of foreigners are undoubtedly the two most powerful and characteristic passions of the Peruvian nation..." (11th March, 1839, Wilson to Palmerston, FO. 61/58).

However it might rather be interpreted as a further indication of the heavyhanded approach adopted by the F.O. and the threat that

1. This hostility remained a feature of Peruvian society and was a factor in the failure of the Anglophile group to succeed in establishing a 'satisfactory' government policy towards H.M.G. and British capital. (F.O. 6/193, 10th December, 1860, no.75).

British imports represented to certain sectors of Peruvian society. For instance Wilson reported that the reaction to the Trade Treaty concluded between Britain and Peru in 1838 had been extremely strong:

"... the Treaty has driven Orbegoso and all North Peruvians to a state of phrenzy ... they exclaim the country has been sold to the 'Ingleses'; that they are now mere colonists of Great Britain, and like stuff.." (20th July, 1838, private letter from Wilson, F.O. 61/53).

The defeat of Santa Cruz and victory of Gamarra inaugurated a period of conservative 'rule' under the influence of Pardo y Aliaga, which was generally anti-British and protectionist.¹ It was also extremely centralized and repressive (Pike 1967, p.87), and consequently provoked, in 1844, a 'constitutionalist' reaction, based in Arequipa and led by Castilla, Nieto and the Southern capitalist, Domingo Elias. Castilla's victory and the discovery of guano (1842) mark a clear watershed in Peruvian republican history.² Prior to the discovery of guano it is hardly possible to talk in terms of central political institutions (see Chapter 3), and, after the initial commercial contacts with Britain, trade was virtually at a standstill.³ The situation

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1. Representing a reversal of earlier conservative policies.
 2. Maiguashca (1967), in particular, views the Guano age as the beginning of a new age of modernisation and reconstruction, in which governments began to show "a deep concern for national interests." Mariategui describes it (1976) as marking a decisive break, but recognises the contradictions that also emerged. (22/23).
 3. Since the Peruvian export economy had been destroyed by the wars, the elite had virtually no goods to offer in return for the British imports, and consequently was drained of bullion by 1826. (Humphreys, 1969, p.128).

was characterised by political anarchy, economic stagnation and poor relations with Britain. The guano age was an integral part of the general expansion of British capitalism and led to the full integration of the Peruvian economy into the international system (its duration also corresponded almost exactly to the British boom). An important element of this was the establishment of the Pacific Steam Navigation Company¹, itself a result of innovations in freight, which, together with the gradually decreasing production costs, had halved the prices of European exports since the beginning of the 19th Century. (Imlah, 1950, p.183). Guano wealth not only enabled the Peruvian elite to participate in this boom both as consumers², and producers of raw materials, but it also allowed the military 'caudillos' to purchase a degree of elite unity through a wider distribution of patronage, (at the cost, however, of fiscal equilibrium). This, in turn, permitted a superficial modernization, centralization and a degree of institutionalization of the political processes, on the basis of this uneasy compromise, to take place.

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1. The Americans saw it as a crucial weapon in British predominance: "England has a most powerful link that binds all of those establishments in one commercial chain,... I refer to the Pacific Steam Navigation Company ... which today commands commercially the whole South American coast..." (Foreign Relations of the U.S.A., Gibbs to Evarts, 6th August, 1877). Indeed, it was seen to give British capital undue influence in the internal affairs of West Coast powers.
 2. The combination of guano wealth and improved sea communications even led to a reliance on food imports. Also most noticeable was the massive influx of luxury imports which both further divided the elite, and impoverished sectors excluded from the guano boom, as inflation soared. In 1865 Barton informed Russell that Peru, "... thanks to guano, can and does consume from abroad equal to three times more than what it naturally produces, the Peruvian Government, on the other hand, can and does spend four times more than its domestic income." (13th December, 1865, in F.O. 61/227; 'La Revista de Lima')

B. The Guano Age

Castilla's government of 1845 was particularly notable for the introduction of some order to the national finances, through the inauguration of a system of biennial budgets (McQueen, 1926, p.3.). However, due to the need for British technology, capital goods and loans, in order to establish sources of capital accumulation, combined with the demands of the Peruvian elite, the state was also forced into relatively unfavourable guano contracts and the contraction of costly loans, with the consignees: a process which, once begun, was difficult to halt. The Peruvian Foreign Minister, Gomez Sanchez, outlined the exigencies of the pressing financial situation at the beginning of the Guano Age, even though profits from the fertilizer were then at their height, in a letter to the F.O. in 1854:

"The importance of Huano having been discovered in foreign countries at a time when Peru was involved in a national war, the government was forced to enter into a contract with the propogators of that manure to advance funds to meet the urgencies of that situation. The first step having been taken, the increasing necessities of the country obliged it to proceed without stopping in this new and untried line and to contract on each occasion fresh obligations, and although it is true that in the course of fourteen years, the revenue of this country has considerably improved, the method employed up to the present day has taken such deep root, and the obligations of the government with each one of the consignees are so complicated and so important that if they were to attempt to make a change in this respect the entire nation would be placed in a crisis which perhaps it could not overcome, although it might exercise all its energy." (F.O. 61/144, 10th October, 1854).

These observations summarised the circular position in which administrations found themselves, and which not only led to the bitter conflict with the consignees, the impoverishment of the treasury and many sectors of the elite, but also resulted in the contraction of huge international debts. Effectively only the guano consignees and a small circle of exporters, merchants and planters, really benefitted from the guano in Peru, and loans to the state formed one of the most profitable sources of income.¹ Marx explained the way in which such transactions then led to further speculative activity, giving the appearance of a fantastic economic boom:

"The state creditors actually give nothing away, for the sum lent is transformed into public bonds, easily negotiable, which go on functioning in their hands just as so much hard cash would ... apart from the class of lazy annuitants thus created, and from the impoverished wealth of the financiers, middlemen between the government and the nation - as also apart from the tax farmers, merchants, private manufacturers to whom a good part of every national loan renders the service of a capital fallen from heaven - the national debt has given rise to joint stock companies; to dealings in negotiable effects of all kinds and ... to stock exchanges, gambling and to the modern bankocracy...." (Capital, Vol. 1., 1974, p.706).

Since the large advances made by the consignees could not satisfy all the many demands made on the Peruvian Exchequer, as

1. In 1864 'El Tiempo' commented on the advance that was being negotiated with guano merchants, Oyague and Sancho Davila, and which carried, "... la monstruosa usura de 25%, amen de 5% de interes..." (19th September, 1864).

inflation soared and the demands of the clientele system increased, the state also turned to the London Money market:-

"National debts, that is the alienation of the state... marked with its stamp the capitalist era. The only part of the so-called national wealth that actually enters into the collective possession of the modern people is their national debt. Hence... the modern doctrine that a nation becomes the richer the more deeply it is in debt. Public credit becomes the credo of capital..." (Marx, 1974, p.706).

Peruvian statesmen, with supposedly inexhaustible reserves of guano to use as collateral, tended to imbibe this philosophy unquestioningly - especially Pierola, who, noting the size of the British national debt (Pinillos, 1947, p.63.), enthusiastically negotiated a huge loan. Contraction of such loans represented an ideal source of capital, while payment would be the problem of future governments, (Astiz, 1969; Bertram, 1974). To establish alternative sources of income would be highly unpopular, in fact dangerous, as U.S. Minister Hovey pointed out when discussing Pardo's attempts to modernize the state:

"... the abolition, of pensions ... was a severe blow to the aristocracy of the country. The families of the 'old hidalgos' actually monopolised the revenues and offices of the nation, and there was nothing left with which to support the government.." consequently his efforts to introduce a "...system of capitation taxation..." proved a "complete failure..." (Foreign Relations of the U.S.A., Hovey to Fish, 22nd August, 1870).

In a sense, therefore the modernisation of the Peruvian structure that took place during the Guano Age was largely superficial

and in fact, in many ways, guano resulted in an accentuation of certain features of colonial Peru. The considerable amount of guano income that was retained in Peru (Shane Hunt, 1973) was both used in a fundamentally pre-capitalist way, and maintained a pre-capitalist configuration of state and class. Pierola, writing in 1866, described Peru as:

"... un feudo militar: economicamente una propiedad privada. No hay clase dirigente ni clase media organizaba. Hay un grupo de senores codiciosas y un grupo de generales ambiciosas. Absolutamente nada mas...." (in Pinillos, 1947, p.52).

and the failure of even superficial bourgeois reforms was clearly illuminated in the national disintegration that took place during the Pacific War.

Whilst the distribution of guano income to the elite in the form of jobs, credit, pensions and bribes brought about a diminution of intra-elite conflict, this did not cease altogether. The state finances could not support the entire upper class and integration with the international economy increased the structural and social diversity and disunity of the republic, as modernisation occurred on the coast and the sierra decayed. Furthermore, internal peace was dependent on patronage. In fact the fractures with the possessing classes were in many ways, intensified by guano (Mariatogui, 1976, p.23), which failed to generate centripetal economic development that would simplify the Peruvian class structure along modern lines. Instead the deepseated conflicts between the coast and the sierra, and specifically Lima and the

rest of the country, were exacerbated ¹. Wilson writes:

"Spatial development during the English domination was largely an accentuation of colonial trends: continued growth of the cities and coastal axis, reinforced by the rapid expansion of the state bureaucracy in Lima the growing urban domination of the country by extracting surplus through taxes, commercial intermediation and land rent, just as during colonial times..." (1975, p.32),

if anything, intra-class and regional struggles over possession of the state were fuelled by its access to wealth. Consequently the earlier political practices of open conflict were, on the whole, not modified and regularised, despite the formal constitutional structure of government. The true form of government continued to correspond to dissarayad clan politics; as a result elections were a violent farce:

"En todos los puntos de la Republica cuando se aproximan los dias de elecciones de diputados y de presidente, se difunden en las masas pacificas un inesplicable terror,

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1. With regard to the principal expression of guano wealth, (consumption of imports) in 1859 Lima, representing approximately 5% of the Peruvian population, took 67% of the national imports. (Davalos y Lisson, 1919, Vol.IV, p.124). However despite the dominance achieved during this period by the Europhile Lima elite, it was unable to assert complete hegemony over the whole country. In Mariategui's words: "El Peru costeno, heredero de Espana y de la conquista, domina desde Lima al Peru serrano; pero no es demografica y espiritualmente asaz fuerte para absorberlo. La unidad peruana esta por hacer... no hay aqui que resolver una pluralidad de tradiciones locales o regionales sino una dualidad de raza, de lengua y de sentimiento, nacida de la invasion y conquista del Peru autoctono por una raza extranjera que no ha conseguido funcionar con la raza indigena ni eliminarla ni absorberla..." (my emphasis) (1976, p.206). The persistence of this apparently 'dualist' feature of the Peruvian structure represented one of the principal differences with the Chilean social formation, and was the major cause of continuing conflict during the Guano Age.

una extrana inquietud, solo comparable con el pavor que suelen inspirar ciertos presagios siniestros que anuncian la proxima calamidad. Y en efecto, que cosa han sido, casi siempre, entre nosotros, las epocas eleccionarias, sino momentos de angustia, de desorden y de escandolo ?..... " (Laso, 1863, p.98).

and U.S. Minister Gibbs commented:

"To an American the elections are apparently decided more by force than by suffrage....."
(Foreign Relations of the U.S.A. 20th October, 1875 Gibbs to Fish).

One of the principal reforms carried out by Castilla as a result of the new found wealth was the abolition, in 1854, of the Indian poll tax/colonial tribute, which, as noted earlier, represented nothing more than 'centralised feudal rent'. However no modern tax structure was put in its place (until Pardo's failed attempt) and, furthermore, the Indian tribute was revived on several occasions, (for instance in 1866, by a liberal government (McQueen, 1926, p.40) and in 1872, (F.O. 61/272, 27th September, 1872, no. 39)), due to the poverty of the administration. A primary function of the republican government therefore continued to be that of a (feudal) rent collecting machine, and, whilst it was theoretically in favour of the abolition of communal property¹, this was not necessarily a wholly progressive position, and it in fact presided over the extension of pre-capitalist relations from the 1850s and '60s

1. On the whole, however, the republican state was unable to exercise authority in the sierra; instead for most of the 19th century the highlands were the scene of a struggle between petty-bourgeoisie (rich Indian farmer and 'mestizo' trader) and 'hacendado' (cf. Ch.10). Conflict between these groups increased as demand for wool rose, increasing both the internal differentiation within the Indian community and competition for pre-capitalist forms of labour at 'below subsistence remuneration' (Spalding 1975a, p.116; cf. Banaji, p.26)

onwards¹. Yu Zubritski writes that in response to market forces:

"In all of the Andean countries, throughout the second half of the 19th century and during the first decades of the 20th Century, numerous forms of feudal and semi-feudal exploitation were imposed on the Quechua peasants." (1979, p.122; my translation), (cf. Chapter 10).

This contradictory policy towards the Indian population illustrates the fundamental paradox of the Peruvian state during the Guano Age. In part a reconstruction of the colonial Absolutist state, it is nevertheless clear that its structure remained vestigial and weak (see Chapter 3); the institutionalised form of a malfunctioning clientelistic political system, in transition to a more modern structure. Yet, due to the vast sums of money generated by the Guano industry, the Peruvian state, after the 1850s, assumed a prominent, indeed dominant position in society. In Echenique's words:

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1. The ambivalent attitude of the coastal elite towards the peasants during the Guano Age sprang from several factors; it not only reflected the strength of the feudal sierra, and their frequent connections with it (Bourricaud, 1970, Burga and Galindo, 1979), but also stemmed from the vitality of the Indian commune, especially in the South - Spalding, 1975), and the fact that this social unit made a contribution to social stability (cf. Gerschenkron on the Russian 'mir'; 1965, pp.211-213). This was of especial importance during the early republican period which was a time of intense class conflict - in particular during the 1850s and 1860s which saw Indian and Chinese uprisings. Furthermore the Indian communes before the War of the Pacific tended to be dynamic economic structures, frequently involved in trade with British merchants (Longand Roberts, 1978; Piel, 1970). However, in this context, it is important to emphasise that Indian participation in the market was generally motivated by a desire to maintain their cultural practices. As Mutch (1980) has observed of North American peasant farmers, production was primarily aimed at subsistence rather than trade, and what was produced was a surplus rather than a commodity. Ultimately this 'household' mode of production was antithetical to capitalism, however it continued to be functional to both Peruvian mercantile capitalism and the social structure as a whole. By contrast, its rival, the 'hacienda', was frequently wholly concerned to produce a commodity, but through a re-imposition of serfdom.

"... for the moment nothing of importance can be done in our country by private enterprise, and therefore everything will remain stationary until the Government intervenes with its initiative and its revenue. "

(Presidential message, 28th July, 1853, in F.O. 61/136, in justification of his conversion of the internal debt).

Moreover it continued to fulfill a central role in the economy, notably in the hands of Balta and Pierola, and subsequently Pardo. In this sense its behaviour is reminiscent of the truly 'liberal' state in its transitional stage as a mainspring of capital accumulation (Wolfe, 1977). However it also consistently abdicated other functions normally assumed by the modernising state, specifically that of taxation, and control and emission of the money supply, and enforcement of a common culture and language. Negotiations for loans were generally carried out for the state by private individuals, sometimes foreign merchants - for instance Gibbs and Dreyfus, who were also thus able to influence the course of Peruvian politics (Foreign Relations of the U.S.A, Settle to Fish, 22nd September, 1871). It was not characterised by a permanent bureaucracy despite the size of the 'civil service', the personnel of which was generally changed with each new president (Sullivan to Clarendon, F.O. 61/145, January 1855). It was frequently unable to enforce central power in many of the more distant regions and continued to co-exist with the local informal power structures represented by church, hacienda and Indian community, since its extremely centralised form both masked and increased regional differences and animosities. ¹ Dew writes of this period:

1. The weakness of central state power in the sierra was exacerbated by the increasing structural heterogeneity of the republic, as guano wealth generated a massive import boom, even of foodstuffs (Copello and Petriconi, 1876); Maiguaschca writes: "By the end of the 1850s, from an economic point of view at least, the highlands had practically ceased to form a part of the Peruvian nation." (1967,

"Most frequently money was doled out from Lima not to aid the development of the provinces, but to entrench in power supporters of the political machine that was at the moment in control of the capital..." (1969, pp.112/113)

Furthermore, until the construction of railways,¹ the guano wealth was expended in greater quantities by the government to fulfill pre-capitalist preoccupations, than on public works that would generate economic growth (Macera, 1974, p. 16). McQueen estimated that at least one third of government revenues were devoted to the army and navy for most of the Guano Age (McQueen, 1926, p.10), and Hovey discussed Peruvian political processes in 1868, in the following way:

"The finances of the country are exhausted and wasted by these civil dissensions and the people look to the government for their daily bread... the mongrel negro, mulatto, cholo and Indian population care not who rules so that they can have a little money and a little excitement... to hope for republican institutions being sustained is to hope in vain. Add to this the interest of the church here, which is to destroy all civil power and erect in its stead a reign of intolerance and bigotry and you have a fair prospect of the future... There are many men struggling for progress and liberty, but as yet their efforts have been unavailing..." (U.S. Minister Hovey to Seward, 14th January, 1868, Foreign Relations of the United States).

Above all the Peruvian Guano State appears as a rentier state, both with regard to the internal structure of Peru, and in its 'tributary', neo-colonial relationship with Britain. The central determination of the Peruvian state formation during this period was represented

1. Even Balta's railway programme was not implemented simply to invigorate the economy; it was connected to the need to control the sierra, whilst also representing a bid for popularity through the extension of a variety of corrupt deals to favourites (Lima to F.O. 27th September, 1872, (F.O. 61/272) and Clarke, 1877; Yepes 1972, p.90)

by the demands and constraints of the international system.¹

While metropolitan capital required a modern state structure, not only was this impeded by such endogenous factors as topographic, demographic and racial conditions, it was also inhibited by the workings of the international system itself. This both undermined the sovereignty of the Peruvian state, accentuated servile relations and, combined with internal factors, produced a 'determined' type of capitalist development (Bartra, 1981; Albert+Henderson 1981; Yepes 1974), which during the Guano Age, tended to fix the embryonic Peruvian bourgeoisie in an intermediary, mercantile, or semi-capitalist role. Moreover the very economic base of this new quasi-capitalist group was further undermined by its ultimate dependence on foreign capital (and ideology), and by its pre-capitalist and mercantile preoccupations, which led profits to be generally applied to conspicuous consumption,² financial speculation or primary export production characterised by non-capitalist labour processes.³ In a report written in 1876 on

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1. On 13th July, 1868, 'El Nacional' remarked on the dependence of the Peruvian economy: "La alza obaja de los efectos publicos, es, en Europa, el barometro mas infalible para demostrar la mayor o menor estabilidad y confianza que inspiran nuestros gobiernos ..." and Charles Jones in his discussion of British banking in South America writes: "The flotations followed a pattern dictated rather more by conditions in the British economy than by events in Latin America..." (in Platt, 1977, p.20).
 2. According to Clavero, even the modern sugar development, generally seen as representing the most productive aspect of the Guano Age, was characterised as much by the construction of palaces as by modern machinery. The plantation . . . was not "un centro de comercio sino un paraiso." (1896, p.42). (cf. Morse's (1974) comparison of the 'modern' Latin American sector with the Southern states of North America.)
 3. Geoffrey Kay (1975) has argued that a major reason for the contradictory and reactionary nature of capitalism as it evolved in South America is that capital arrived there in the forms of mercantile capital which, since it derives its profit from the sphere of exchange has no drive towards the elimination of pre-capitalistic forms. (cf. Marx - Capital, Vol.3 (1972) pp.327-329).

the economic problems confronting Peruvian coastal agriculture (the modern sector), U.S. Minister Gibbs remarked that if the elite were to:

"... encourage labour by other means than cruelty and let these large and unproductive capitals now employed in the construction of sumptuous palaces be applied to better the conditions of the labourers, then better colonists, real workmen, will be obtained..." (Foreign Relations of the United States, Gibbs to Fish, 12th August, 1876).

As a consequence the wealth of both the state and the capitalist elite, like their power base, was insubstantial and somewhat illusory, dependent as it was on relations with metropolitan capital¹ both were also, therefore, incapable of generating a progressive capitalist transformation of the Peruvian structure, or even, as in Chile, of creating a unified oligarchic state. A contemporary view of the Guano Age was expressed in 1874 by the Pacific Times:

"It seemed as if the golden age had revived. The question where the money has gone to would be a difficult one to answer. The receipts from the guano would have been sufficient to construct more canals, railways, bridges, and roads than are actually necessary. But when military government was predominant, and the financial state of the republic was a secondary consideration, loans were made at a ruinous rate of interest, projects were taken up and cast aside, subsidies were granted which could have no other object than the protection of some private interests, without producing

1. In fact, the practices of both the elite and the state led to capital dissaccumulation; for instance, an extreme example of the lack of national or economic consciousness of Peruvian governments was afforded by their growing poverty which, in 1865, led to serious consideration of a proposal put forward by the capitalist Hegan to buy or rent the Chincha guano islands, since this would..." secure payment of interest and redemption (about £800,000) per annum for which the guano is mortgaged.." (F.O. 61/230, 11th November, 1865). The scheme was abandoned until Pierola concluded a similar type of arrangement with Dreyfus in 1869.

any benefit to the nation and every kind of extravagance was indulged in. Soldiering became the order of the day.... this is the reason why we have such an extensive list of half pay officers...." (14th June, 1874).

The above analysis does not represent a return to the dualist state model of 19th Century Peru, but subsequent approaches, in my opinion, have frequently ignored the backward, patrimonial and disorganised nature of the state during the Guano Age and the correspondingly archaic forms of class domination, in favour of a search for forms that would correspond to the West European/North American experience, and specifically the national bourgeoisie and the autonomous or progressive nation states. This theme will form part of the following section which examines certain aspects of British capital during this era, together with its relationship with the Civilistas.

C. British Policy in Peru

Throughout the Guano Age Peru was of considerable importance in international capital and commodity exchanges; for instance Mathew (1981) estimates that in the decade 1855-1865 Britain received Peruvian Guano to the value of £20,000,000 - the highest sum exchanged for any Latin American commodity (p.252), while the Peruvian external debt in the 1870s was the largest in South America. At the end of 1880 British capital in Peru amounted to £36,177,070 sterling, (Peruvian Bondholders' Papers, 1879) and it was the very substantial size of this investment which was an important determinant of H.M.G. policy towards Peru just before and during the Pacific War, and which subsequently led to Peruvian bankruptcy and loss

of autonomy. This capital investment may be divided into three main categories - firstly, loans to the Peruvian Government, secondly, capital invested by joint stock companies operating in Peru, and, lastly, private loans made to both the Peruvian Government and elite by British merchants resident in Peru. Of the £36,177,070, £32 million was held in Government bonds and £3,500,000 invested in various economic enterprises. By comparison, only £7,765,104 was held in Chilean Government bonds, and £701,417 in economic enterprises, (Rippy, 1951, p.25). The differential does not represent a greater faith in the Peruvian state, but the fantastic reputation gained by guano on which the Government loans were hypothecated. By the mid 1870s, once the bubble had burst, contemporaries began to express amazement that the Peruvian state had ever succeeded in attracting such a large amount of investment:

"... the population is under 3,400,000 and their revenue for 1871 to 1872 was £5,900,000. How so small a country, with so small a revenue could place so large a loan on our market is surprising..." (Money Market Review; 7th March, 1874).

Generally such observations implied that indeed the whole operation must have been a Peruvian plot, reversing the situation whereby in fact oversubscription had occurred largely due to conditions in Europe. David Landes (1969) has described how, with the end of the British railway boom in the 1840s, pressure for investment opportunities mounted and there developed new financial institutions - especially attracted to overseas speculation (Joslin 1963, Jones 1977) - which were able to obtain large sums of money from the ever-increasing groups of investors. Competition to handle these loans was fierce

since, as Joslin has pointed out:

"... profits were not confined to the issue of the loan but extended to the remittances to pay interest for years to come." (1963, p.8).

Peru, as the owner of guano, undoubtedly did provide an attractive market offering high interest rates and, after the mid '50s, had a good record of repayment. Moreover, as British industrial supremacy began to yield:

"the international position of the British economy.... became increasingly dependent on the British inclination to invest or lend their accumulated surpluses abroad." (Hobsbawm, 1969, p.146).

Consequently pressure to protect the interests of the British investor mounted and the huge size of the Peruvian default clearly prejudiced both H.M.G. and individual British capitalists against Peru in the late 1870s.

The duration of the Guano Age corresponded fairly precisely with the great expansion of British capitalism from the 1850s onwards. It in fact began and ended at a time of depression for world capitalism; consequently, while both economies were booming and apparently complementary, and British industrial leadership assured, the policy of H.M.G. towards Peru was relatively aloof. However in the early 1850s and '70s the British approach was more heavy handed. In the 1850s the main issues of contention concerned the outstanding foreign debt, the price of guano and injury to British citizens in Peru resulting from the unsatisfactory internal state of the country, whilst in the 1870s the major preoccupation was with the Bondholders' interests. An illustration of the approach

was afforded by a letter from the F.O. to the Peruvian Minister of Finance in 1852, de Rivero, concerning the unsatisfactory handling by the Peruvian Government of the Guano Trade. The threat is barely concealed:

"... anxiety is felt to obtain an ample supply of ... (guano).. at a fair and reasonable price without the purchases being subjected to the exorbitant expenses entailed upon them by the present system of agency for the sale of guano on the British market.

H.M.G. have been overwhelmed with petitions on this subject from the landed proprietors, from the tenant farmers, and from the merchants of Great Britain.

It must without doubt have been satisfactory to the Peruvian Government to have learnt the course taken by H.M.G. upon the question of the Lobos Islands. H.M.G. have acknowledged that Peru has a prima facie claim to the possession of these islands; but I cannot conceal from myself the danger that the pressure of Public opinion may force H.M.G. to sift and examine more closely this Peruvian claim; a claim which persons much versed in international law have not been inclined unanimately to allow....."

Consequently Peru was urged to consider a change of policy and a new method of shipping and marketing the fertilizer is suggested:

"I request you, Sir, to bring this important matter under the consideration of the Government of Peru and to urge them to adopt this plan, or some other which will have the effect of relieving the agriculturalists of the U.K. from what is in point of fact an oppressive monopoly..." (F.O. 61/136, Lord Malmesbury to M. de Rivero, 8th July, 1852, (my emphasis)).

The strong wording of this communication indicates the importance to the British economy of Peruvian fertilizers, and the consequent interest taken in the affairs of the Republic; Hobsbawm notes

that from the 1850s onwards British agriculture was no longer able to supply enough food to feed the population (1969, p.135).

On the whole, however, more subtle and refined mechanisms of control could be exercised, and were generally preferred. Peru was not another Egypt; Britain had no strategic interests in the area, and in the final analysis H.M.G. was rarely tempted, therefore, to undertake the military intervention, (which was sometimes, however, threatened). Furthermore, since the European origins and aspirations of the elite led sectors of them to ape European habits of consumption (Noboa, 1861), forms of government and politico-economic ideologies¹, they generally were, as Europeans felt they should be:

"content to see their hemisphere as an outpost or dependency of the Old World." (Kiernan, 1972, p.295).

As Hobsbawm has pointed out, until the 1870s when Britain began to lose its industrial lead, it was usually beneficial for the South American agrarian elites to collaborate with British capitalism; at first many states had virtually no other customers (Hobsbawm, 1969, p.138). Moreover the status of the new republics as quasi-European, (almost) white 'democracies', that Britain had helped to create, not only provided British capital with a collaborationist class, or faction, but also inhibited ideas of direct intervention. But the informal mechanisms of pressure from the stock exchange, and the British press, and of diplomatic bullying backed up by the omnipresent British navy, continued to be employed when necessary. So, in 1854, the following criticism was levied at the activities

1. For instance Pardo's adherence to the economic philosophy of Chevalier.

of the Bondholders:

"It is scarcely necessary to notice the unbecoming abuse which is introduced into the "Reporter", still less to combat the unauthorised meddling with the internal politics of Peru; the object of the Bondholder is to improve the position of his security; depressed at present, not as the "Reporter" says, by the acts of Peru, but by the mischeivous writing, talking and agitation, on the part of a few, to the detriment of the greater number of the interested, who are either indifferent to the quotation, so long as their dividends are paid regularly, or averse to unnecessary publicity.." (Mr. Rudolfo to Lord Wodehouse, 29th June, 1854, F.O. 61/161).

As a clear indication of the return to the frequent use of such tactics in the mid-70s, Salisbury wrote:

"I don't quite understand the principle of absolute abstinence from interference" (which had tended to predominate in the late '50 and '60s) "... if any government commits a wrong towards a single British subject we always interfere: why are we not to interfere when the wrong is done to hundreds? My impression is that a remonstrance, forcibly but carefully expressed might do good to the Bondholders." (F.O. 61/323, Autumn 1878).

And the position adopted by Palmerston, in 1848, towards the outstanding Peruvian debt¹ was thoroughly re-examined and considered as a possible model for the government approach to the vexed problem of the Bondholders in the 1870s. Duffield, reflecting on the nature of the British-Peruvian relationship in 1877 made the following observations:

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1. This approach advocated ... "the active intervention of the British Government" in order to secure satisfaction. However a solution had been reached by the exploitation of the divisions within the Peruvian elite. (F.O. 61/323, Maclean to Adams 16th May, 1848), before such action became necessary.

"it should be borne in mind that the Peruvians have suffered the greatest indignities at the hands of successive British Governments. Claims for money of the most vexatious, frivolous and irritating nature have been pressed upon Peru with an arrogance equal only to their ridiculous extravagance." (1877, p.32).

However, still more important in shaping the direction of the Peruvian social formation was the economic impact of British capitalism, and perhaps, the ideological influence of economic liberalism and positivism over the Anglophile sector of the elite. But whereas in Chile this had led to the evolution of a 'successful' working partnership between British and Chilean capital, its relatively smooth functioning ensured by civilian control of the state, in Peru the Civilistas failed to gain political control, due to the internal structure discussed above, and the character and identification of this group.

D. The Civilistas and Pierola

The many reasons for the failure of the Peruvian elite, prior to the Pacific War, to achieve coherence and establish an oligarchic republic, have already been touched upon. In part stemming from the relative weakness of the more progressive, coastal fraction, it also sprang from a contempt for both Peruvian politics, and the Indian population and, consequently, for the notion of a Peruvian state at all.¹ This manifested itself in both its economic and social practices. Kiernan, noting that in the 1870s European actors were giving "applauded performances of Shakespeare at Lima", writes that such wholesale adoption of European culture, along with European

1. The Civilistas always saw the solution to Peru's problems not only in attracting European capital (Pardo 1861, p.185/7), but also in immigration; in 1894 Javier Prado y Ugarteche referred to the pernicious influence which the 'inferior' races had exercised in Peru throughout its history. Prado called for the coming of the superior races to Peru especially from North Europe (in Klaiber, 1977, p.48).

furniture and dress were: "fopperies that could only make an isolated upper class still more alien to its own fellow countrymen...." (1972, p.298). Whilst in Favre's opinion:

"la oligarquia peruana aparece cada vez mas desconectada de una sociedad en la que no esta sino artificialmente enquistada sobre la que ejerce un poder que no es por eso menos lejano y difuso. Por eso nunca ha sentido la necesidad o la tentacion de legitimarse." (1969, p.116, my emphasis).

Other writers concur that it is largely inaccurate to speak at this time of a national bourgeoisie; Yepes clearly contradicts Bollinger's interpretation (1977) and states:

"Lejos de constituir un bourgeoisie nacional, al reemplazar a los comerciantes extranjeros en la consignacion del abono de islas, en lo sustantivo mantienen vigente el proceso de descapitalizacion del pais. Sus ingentes beneficios no se orienten a la base productiva (1972, p.76, my emphasis),

and Basadre even denies the existence during the Guano Age of capitalism at all (let alone of national capitalism), in all but a mere handful of Peruvian merchants (1969, Vol. VI, p.65).

Such viewpoints are supported by clear evidence that, firstly, what could be considered to be an (embryonic) bourgeoisie was composed of foreigners as well as Peruvians,¹ who invested abroad as much as in Peru, and realized and frequently consumed their profits outside of the republic; secondly, that this group was either mercantilist in nature,² and/or engaged in export agriculture employing pre-capitalist

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1. Bravo Bresani writes of: "los grupos progresistas y burguesas, cuya major parte esta formada por extranjeros...." (1970,p.95).
 2. Mariategui commented on the similarity in the roles played by the fertilisers in the early republican period to that played by precious metals during the colonial era (1976, p.20) highlighting the concomitant parallels between the old Spanish mercantile class and the 19th Century guano group and 'salitreros'; (cf. Gootenberg, 1982).

labour¹. A contemporary observer, Duffield, makes explicit the dependent and comprador character of the Peruvian oligarchy, and the resultant lack of national autonomy:

"... it may truly be said that what the Moors were to... Southern Spain, Europeans and Asiatics have been to Peru; supplying it not only with literature and science, but industry also. All the great estates of Peru are tilled by foreigners; so are its gardens. All the steamships on its coast are driven by foreigners; foreigners surveyed and built their railways, their one pier, gave them gas ... There is nothing of importance in the whole country that does not owe its existence to foreign capital and foreign thought....." (1877, pp.36/7).

Quiroz' research (1980) reveals that Echenique's notorious certificates of consolidation, along with those of the external debt, circulated also among a very small group of people, and finished in the possession of a few merchant firms with strong foreign connections, among them actual foreign houses. And while Burga (1976) has demonstrated that the subsequent guano boom did lead to the formation of productive capital in coastal agriculture, Hovey's report to Seward (Foreign Relations of the United States, 28th January, 1868) commented on the large numbers of these modern farms that were owned by foreigners - specifically by North Americans,

1. In an article (11th February, 1876) on Peru's Asiatic colony, 'El Nacional' described 'coolie labour', employed on the guano islands and coastal plantations, as slavery in all but name. However when merchant capital was invested productively, it was in this sphere of the economy rather than in manufacturing (see above). Albert writes that by the mid '70s, in the Lima valleys, "... there were.... multiple holdings.... anda considerable number of 'hacendados' were leading figures in finance and commerce, e.g. Althaus, J.M.Sancho Davila, Meiggs, Lembeck, Goyeneche, and Bryce...." (1976, p.56a), thus demonstrating the traditional identity of interests between the merchants and landed aristocracy (cf. Gongora, 1975, p.164). As Bronner has remarked, for the merchant: "conspicuous consumption transmuted wealth into status." (1978, p.24).

Britons, Columbians, Chileans and Venezuelans.¹ Furthermore, as has already been mentioned, such plantations were modern only in terms of their capital equipment and production techniques employed.² Finally, it is clear that the external orientations of this elite (highlighted by Gootenberg's study (1982)), was increased both by the numerous marriage alliances that were concluded between foreign and Peruvian merchants (for instance between John Bryce and Pablo Vivero's daughter, and between Heeren and Pardo's sister-in-law) and by their attachment to European culture, and practice of educating their sons abroad (Belmont Parker, 1919).³ Hovey wrote to Fish that the Peruvian upper classes were "... mainly educated in the

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1. His report also remarked upon the extensive damage inflicted on these plantations by Balta's army, illustrating the extreme hostility between sierra and coast.
 2. The Chilean economy and dominant class was similarly contradictory during this period. Petras writes: "the Chilean ruling class was at the same time bourgeois and traditional." (1970, p.20); whilst according to Kay the "... landlords did not constitute a bourgeoisie as the agricultural surplus was not primarily extracted through capitalist relations of production, even though production was market-oriented. Both through the form of exercising domination and of extracting the surplus, landlords could be characterised as an oligarchy during this period." (1981, p.489) (cf. Marx: "... this mode of production is not yet determined by capital, but rather found on hand by it." (Grundrisse, p.586).
 3. Certain members of the Peruvian oligarchy not only had strong ties with Europe, but also with Chile - for instance the Aspillaga family had lived in Chile for 30 or 40 years before the War of the Pacific, whilst Leguia (born 1863) was educated there (Belmont Parker, 1919). On the other hand the sierran elite tended to have affinal or economic ties with or feelings of loyalty to, Bolivia. This divergence was highlighted by the differing responses of members of the upper classes to the war (see Chapter 10); Hayne anticipated this early in 1879 when he predicted that Pierola would want to support Bolivia, whereas: "Prado, who no doubt looks forward to retiring to Chile after his term expires, or before if necessary, would hesitate very much before he acquiesced in any open act of hostility towards Chile..." (Gibbs, M.S. 11,120; Hayne to Bohl, 16th February, 1879).

U.S.A. or Europe" ¹, and implied that this was a major reason behind the relative (political) weakness of the coastal elite, which consequently had few roots in Peruvian society; instead: "... all power is virtually in the hands of the priesthood. The army is the second greatest power." (Hovey to Fish, Foreign Relations of the United States, 22nd August, 1870).

It is evident that the coastal fraction, whilst it largely monopolised capital wealth in the republic, was not by any means wholly predominant. Its small size, the fact that, with the exception of the planters, it lacked a productive base and instead functioned primarily as an intermediary group, together with its alienation from the sierra, all combined to impede the construction by this coastal group of a state order. On the whole it did not participate in the formal political life of the republic. Davalos and Lisson attributed this to its contempt for Peruvian political life; it would have felt it a dishonour "vincularse a la Administracion", (1919, Vol. IV, p.296). Instead it exercised its influence over incumbent presidents through control of republican sources of income, and through its monopoly of social prestige, via such informal mechanisms as the Club Nacional, the Tribunal del Consulado, and

1. Once again, an indication both of their racist attitudes to Peru, and their slavish Europhilia.

the Bolsa Nacional.¹ This disinclination to become directly involved in Peruvian politics was lamented by some contemporary observers, who also noted the inherent dangers in the reliance on its economic predominance and on the snobbery and subservience of the 'caudillos' and middle class and provincial career politicians:

"Si los Zaracondeguis, Barredos, Sancho Davilas, Osmas, Vijiles, Viveros, Cossios, quisieran moverse un poco, perdiendo un tanto de la gravedad perjudicial al pais, toda la juventud decente los seguiria, todo hombre honrado seria un deber de acompanarlos: el mismo populacho, al que se mira de mal lado estaria al flanco de la gente de prestigio. Entonces todo seria orden y las elecciones serian mejores de lo que fueren..." (Laso, 1863, pp.104-6).

However the continuing strength of other sectors of Peruvian society and the form that the political processes took,² militated against

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1. The Bolsa Nacional, was founded in 1840 in Lima by Peru's handful of capitalists - Francisco Quiroz, Domingo Elias, Nicolas Borrás, Joaquin Osma, Manuel Oyague, Clemente Villate, Jose Manuel Palacios, Juan de Dios Calderon, Jose Maria Varelo and Jose Maria Sotomayor. The Club Nacional was established in 1855, following the economic reinvigoration of sectors of the elite due to Echenique's conversion of the debt, the emancipation of the slaves and the guano. The club was theoretically open only to descendants of the colonial aristocracy, but it did also welcome some of the new merchants. Whilst the most important offices of the Club were dominated by the old aristocracy (for instance the first President was Gaspar de la Fuente y Querejazu, a direct descendant of the "Oidores y Caballeros de la Orden de Santiago") it in fact formed a unifying power base for the new pseudo-aristocracy. (I am indebted to Herminio Parra Rivera for showing me some of his research notes on the Peruvian elite on which most of the rest of this chapter is based (interview May 1976). Bronner's verdict on the colonial upper classes remained applicable: "The fraudulent pedigrees, the trumped up habits, the would-be 'grandees' are all of a piece. Within the corporative (but not quite impermeable) racial 'Spanishness' the elite kept changing all the time. And the more it changed the more it pretended to remain the same." (1978, p.26). Bourgeois consciousness could not be said to exist in 19th Century Peru - even amongst the bourgeois group.
 2. Ample evidence of the persistent vitality of reactionary forces in Peru is offered in contemporary sources. In 1868 Hovey discussed the reasons behind the defeat of the modernizing 'caudillo', Prado: "The Church party, aided by the women, who control no small part of the political power in Peru, determined to destroy him.." (Foreign Relations of the United States, Hovey to Seward, 14th January, 1868).

elite participation, except in the form of a few individuals who chose to act as Ministers or members of Congress.

K. H. Stephens writes:

"The big landowners are lords but there is no overlord like the medieval king. The national government in Peru ... never succeeded in reuniting the authority that became dispersed with Independence." (1971, p.34).

The relative weakness of the export elite, economically vis à vis foreign capital, and politically vis à vis the sierra, were important factors inhibiting the construction of an effective national state structure (cf. Cotler, 1979). According to Spalding:

"With the disintegration of the colonial state from at least 1810, the central government was not in a position to maintain its authority over the rural areas, particularly the highlands.... The constitution of the new nation of Peru left the highland oligarchy in virtually total control of its own affairs, with representations in congress far in excess of the actual proportion of the voting population located in the highlands." ¹ (1975a, p.119)

This political predominance of the highland landowners was a decisive factor in the accentuation of the fissures within Peruvian society and the dispersal of state power which took place after Independence. Inherent in the 'hacienda' institution was the abrogation of state functions (cf. Dobb's definition of serfdom as exploitation of the producer through direct politico-legal compulsion; 1978, p.57) in order to facilitate the landlord's control of his peons, and his struggle against the nearby communities. However, central state

1. As a result reforms that were put forward to liberalise the economy, and modernize and extend the power of the state (generally based on the ideas of the 'Revista de Lima') were usually easily defeated in congress.

power could only be re-established in the outlying regions through the building up of regional power bases. These either had to utilise the local bosses ('patrones') attached to, or at least sympathetic to, the president, or alternative political brokerage monopolies which could challenge some of the traditional large landowners' power over the 'campesinos'. Given this configuration, despite the general economic and social marginalisation of the masses, both regional 'campesino' and artisan followings could become highly important power resources for both local and national politicians.¹ In return, presidents might be forced into the adoption of some radical policies² - for instance Castilla's abolition of Indian poll-tax³ - endowing Peruvian politics with a tinge of early Populism. This is particularly evident when examining Pierola's political behaviour (see over). Consequently it was somewhat difficult for the coastal group, who generally lacked such a regional base, or 'campesino' clients, to predominate politically. Instead, as was common during this period

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1. In fact the result of an election was generally decided by the "toma de la mesa", that is in favour of whoever could rally the largest band of supporters (Manuel Vicente Villaran in 'El Mercurio Peruano', July 1918).
 2. Yepes writes that, apart from localised uprisings in the sierra, there is clear evidence of popular participation in the coup of 1854 against the presidency of the aristocratic Echenique, and again in 1865, against Pezet (1972, p.81).
 3. This measure was also, however, in part an indication of the shift in the focus of the economy to the coast which, together with the income generated by guano, meant that the state no longer had an overriding need to force the Indian to participate in the national economy. The republican state, unlike the colonial state, did not have to collaborate with the sierran 'hacendado' to force the Indian to sell their labour to Spaniards; on the other hand the measure was also an acknowledgement of the limited nature of central state power in the sierra, and effectively further increased the autonomy of the 'hacendados'. (cf. Spalding 1975 a).

in many parts of Latin America, power was shared in an uneasy compromise between the 'caudillos', the impoverished rural (highland) aristocracy, who dominated most of sierran society including (to a degree - see Chapter 10) the 'campesinos',¹ and the middle class intelligentsia², whose adherence to the status quo was acquired through their employment in government positions. Bourricaud writes that as, in the face of the elimination of the Bolivian 'feble', rising inflation and food imports:

"titled families found themselves in increasing distress... The former masters of the land ... took refuge in administrative jobs, which, minor as they were, could be accepted without loss of face and without compromising rank and dignity."
(1970, p.57),

and Cossio del Pomar describes the general decay of the regional aristocracy during the 1860s, and their search for compensation in administrative positions (1961, p.22). But the fragile compromise that had been concluded between the coastal liberals and sierran conservatives through the 1860 constitution, and which was expressed in this sharing of political power by the groups largely excluded from direct participation in the guano boom, was undermined as the

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1. Singelmann (1975, p.390) has described the way in which 'micro-social' relations integrated with and were reinforced by the 'macro-structural' patterns, which conceded the 'hacendados' control over the sierran Indians, not just on their 'haciendas' but in the area as a whole, via their control of the courts, church, 'armed forces', markets, and so on. However in reality the hegemony of the white elite in the highlands was not assured until after the Pacific war (see Chapter 10); moreover, as noted above, this intra-elite 'bargain' did not function smoothly except at the most general level, since individual presidents attempted to raise to prominence their own supporters. In general, though, it is evident that control of the sierran economy and Indian population remained the prerogative of the highland 'hacendados', despite the need for labour on the coast. This is one aspect of the articulation of different forms of production which resulted not only in economic imbalances, but also political and social deformities
 2. Lawyers in particular played a leading part in Peruvian politics; according to Garcia Calderon, prior to the Pacific War; "Les avocats exercent le pouvoir avec les chefs de l'armee: il y a une dynastie de lettres..." (1907, p.24).

Peruvian economy began to enter a crisis (McQueen identifies this as beginning as early as 1861, although its full effects were not felt until the 1870s; 1926, p.6). Blanchard (1975) notes the emergence of defensive artisan organisation as early as the 1850s, and in 1868 the widespread dissatisfaction with the economic stranglehold exercised by the guano group came to a head with Pierola's contract with Dreyfus. The Pierolista attack on the economic base of the coastal fraction finally prompted this group to organize their own political machine, through which they also hoped to construct a liberal, oligarchic state. Let us now examine the nature of Pierola's politics a little more closely.

Blanchard (1977) has observed that populism is usually seen as emerging in Latin America in the 1930's, (cf. Niekerk, 1974), but he seeks to antedate its appearance to the first decade of the 20th Century with Billinghamurst's presidency ¹. Considering populism from a rather different perspective, Pike (1978) seeks its origin in the messianic/nationalistic movements of the Indians, beginning as early as Santos Atahualpa and Tupac Amaru in the 18th Century (cf. Yu Zubritski, 1979 and Chapter 10). But as noted above, the Pierolista 'party' can also be interpreted as populist. ²

Populism may be identified as a movement based on a multi-class

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1. Yepes also places the birth of Peruvian populism in 1912 (1972, p.234).
 2. Pierola was in fact Billinghamurst's friend and mentor: furthermore Yepes, citing Jose Martin (1963) notes that Billinghamurst adopted all Pierola's conservative economic and religious tendencies (ibid. p.236). Pierola came from an ultramontane, conservative Arequipa family connected with the regional aristocracy that had been excluded from the guano boom; "... por educacion y por situacion Pierola es conservador." (Pinillos, 1947, p.29). Billinghamurst also originated from the provinces.

alliance of underprivileged sectors, which, however, does not derive from the autonomous organisation of any one class but is directed by a charismatic leader who is frequently a member of a discontented fraction of the upper or middle classes (cf. Torcuato di Tella 1969). The derogatory significance assigned to the term fundamentally stems from the irrational nature of populist ideology which, as Chekhov observed, may be characterised as "... a disorderly, incoherent potpourri of old but still unfinished songs.. (Ward No. 6, in Wortman, 1967, p.61). Richard Pipes, in a discussion of Russian populism, stresses the attitudinal nature of its ideology, which is generally devoid of any specific programmatic content (1964). Characteristic of all populist movements is an intensely conservative nationalism, a stress on instinct and emotion rather than on intellect, and a nostalgic idealization of the past and of traditional (generally agrarian) values. However, the emotional, quasi-religious psychological appeal may sometimes be combined with elements of radicalism. Pierola's anti-civilista campaign and his programme and stance during the War of the Pacific exhibited most of these features. Intensely religious and a staunch advocate of the 'old values' (Pinillos 1947), his defence of the traditional sierra against the influence of coastal liberalism and foreign ideas also contained radical elements, of which his self-appointed role as 'Protector de la Raza Indigena'¹ and his contract with Dreyfus were

1. In Gibbs' words: "Pierola is popular with the lower orders in Peru", and this factor together with his extreme xenophobia made him correspondingly unpopular with the foreign and Peruvian mercantile community. (M.S. 11,470/3, Gibbs Valparaiso to London, 24th February, 1879). However the conditions which produced Pierola, also generated a far more genuinely radical form of populism in the form of Indian nationalism and millenarianism. As Pike (1978) has pointed out, the combination of the promises of material improvement and equality held out by Christianity with the reality of the attack on Indian standards of living and cultural values gave new impetus to peasant uprisings from the mid 19th Century onwards. Furthermore localised peasant discontent frequently found a leader from amongst the small farmer/trader class that was also under attack from the expanding 'hacienda', and these leaders generally assumed the stance of a Shaman with supernatural powers to redeem the oppressed (e.g. Pedro Pablo Atusparia; cf. Klaiber, 1974). This theme is examined in more detail in Chapter 10).

the most striking examples.

Furthermore the first political movement to be characterised as populist emerged as a response to a situation bearing a striking, if superficial similarity to Peru in the 1860s and '70s. The beginnings of the penetration of capitalism together with bourgeois ideas into Russia was already having a disruptive effect on society and the state structure by the mid 19th Century. The advent of industrial capitalism and the introduction of market forces into the immense, feudal countryside was to produce, by the end of the century a composite social formation dominated by the capitalist mode of production, but feudal in its political processes (Anderson, 1979, pp.354-56). Furthermore, in the backward countryside mercantile capitalism and feudal relations continued to predominate.¹ This combined and uneven development was, as in Peru, largely the result of the industrialization of Western Europe rather than the product of any internal dynamic. This not only led to West European economic domination and cultural influence, but also produced the first military humiliation for Tsarist Absolutism with defeat in the Crimea. As a result a superficial modernization of the Russian social structure was inaugurated² which began the 'ruin of the peasantry' (Lenin, 1956, p.19) and their differentiation, and initiated the secularisation of Russian society. Intellectually this produced in the 1860s and

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1. In Lenin's words the "capitalist economy could not emerge at once, and the corvée economy could not disappear at once. The only possible system of economy was accordingly, a transitional one..." (1956, p.194).
 2. The programme is similar in content to the reforms initiated in Peru in the 1860s and by the Civilistas under Pardo. On the one hand the State remained centralised and feudal in form, whilst in the countryside "...a labyrinth of traditional forms of extra-economic surplus extraction, embodied in customary rights and dues, continued to prevail on Russian estates." (Anderson, op.cit., p.348). On the other hand changes that would facilitate participation in the world capitalist system were carried out.

'70s two opposing trends; those who wished to thoroughly modernize Russia on Western lines (cf. Copello and Petriconi), and those who dreaded the advance of industrial capitalism and the disruption of traditional agrarian society, and concomitant devaluation of old fashioned Russian values. Whilst the Narodniks were more radical in both their programme and tactics than Pierola, being wholly committed to the defence of the 'mir' (Wortman, 1967), the conditions that produced them, their Anglophobia and their concern with Russia's moral regeneration (cf. 'La Revista de Lima' 1859, I, pp.18-19) are clearly resonant of Pierola's nationalism and radical pose.

In some ways the response of the coastal elite to Pierola's policies, and in particular to his contract with Dreyfus, may actually be seen as another facet of the phenomenon of elite disunity and weakness, which was one cause of Pierola's populist stance. The Civilistas¹, were also forced to enlist multi-class support and pose as a radical, national group. Consequently Gibbs described them in the following way:

"Up to July 1872, Peru had been governed by military men or parties, frequent revolutions were the results, the barracks being the focus of the different transformations in the changes of military power.

But the people becoming more enlightened by education and a better system that had developed itself in the country..." attempted to elect a civilian President, Pardo was chosen and:...

".. the mass of the educated and thinking part of the community joined, and he was elected.... this was the formation of the party called civilists.... consisting of the intelligence of the country, being very liberal in all questions affecting the

1. The Civilista party was, as befitting an oligarchic organization, organized from the Club de la Union which was founded in 1868 and which represented foreign commerce, the old coastal 'casta oligarquía' and some of the ideologues concerned to thoroughly modernize Peruvian society, associated with the 'Revista de Lima'.

welfare of the nation....." (Gibbs to Fish, 21st August, 1876, Foreign Relations of the United States).

This picture of national unity in search of a democratic civilian state is, however, belied by the persistence of bitter civil warfare, from 1872 onwards. Moreover, despite mobilisation of artisan and middle-class support in Lima, it is clear that the real force behind the new electoral alliance was the guano group; and this group was not only concerned to forge a new state structure, but also, above all, to regain and safeguard its economic base (cf. Karno, 1970). In a pamphlet published in support of the Civilistas, Alejandro Revoredo spoke in glowing terms of:

"...la patriótica sinceridad de sus propositos y la verdad que los Civilistas jamas le han mentido al Peru..." (1939, p.139).

Furthermore, the new party was characterised by:

"... el sentido de justicia y equidad de su obra política. El civilismo jamas podria haber gobernado para una sola clase. Y es que el civilismo nunca fue elevado a Palacio, solo por una fraccion de la nacionalidad... No fue el Partido Civil, agrupacion sectaria. No fue el vocero de los anhelos de una sola clase social. Si a algun sectarismo se inclino, fue al de la defensa de los intereses populares..." (ibid, pp.146-147).

In reality, however, the state order that the Civilistas attempted to construct was designed to suit the narrow class interests of the coastal elite (Chavarria, 1972). These interests, however, were essentially contradictory. They were concerned firstly, with the re-establishment of the civilista economic base, and secondly, with modernization of the Peruvian state structure to the extent that it would ensure the smooth functioning of the relationship between

British and Peruvian capital. Unfortunately, due to the general economic depression, sources of capital accumulation had been severely diminished and consequently competition over resources and industries intensified. As a result, achievement of the first aim involved the alienation of important sectors of British capital, while the approaching bankruptcy of the entire Peruvian economy, over which the Civilistas presided, antagonised other important British elements. This scenario will be examined in more detail below.

Apart from the two goals outlined above, it could be said that, as an intermediary group, neither the coastal elite, nor their political expression, the Civilistas, had a coherent class project - one of the main reasons for their earlier failure to enter politics. Despite the participation of certain reformers, including Pardo himself, who were part of the 'New Generation' and had been strongly influenced by or involved in, the 'Revista de Lima', fundamentally the Peruvian coastal capitalists were concerned to maintain the status quo¹ but under its control, rather than that of the 'caudillos'.

The main thrust of Civilista policy therefore focussed not on the emancipation of Indian labour or eradication of the feudal residues from society (Piel, 1970), but on reforms which would ensure its future dominance. For instance, Pardo's decentralizing laws were partly economic measures, and partly attempts to conciliate the provincial aristocracy by further weakening central state authority in the regions. Apart from efforts to conclude an arrangement with international capital, linked to the formation of a new (Peruvian)

1. | Despite Levin's emphasis on the 'newness' of this group, and his assertion that its commercial and financial interests were antithetical to those of old aristocracy (1960).

guano company (Karno, 1970), and the establishment of the 'estanco', the principal policy preoccupation was with the subordination of the army (see Beruf 1978), and reform of the church ¹ - two major threats to Civilista rule. In the event this first period of Civilian administration was almost a complete failure; in part, as Yepes observed, because it had arrived too late, (1972, p.107) and was extremely handicapped by the economic situation and the resultant social unrest. In any case it is mistaken to view the Civilistas as a dynamic, new radical force dedicated to the capitalist transformation of the Peruvian social formation ² (see Chapter 1).

An examination of Civilista Party leadership (Revoredo, 1939, pp. 40, 278, 330, 332) demonstrates that it did not correspond exactly to the socio-economic elite that had emerged in Peru during the Guano Age. Obviously, many prominent civilistas were closely tied to guano wealth, either directly through the consignees (Manuel Pardo and Manuel Amunategui were involved in the industry) or through the activities generated by guano wealth - for instance, banks, railroads, sugar and cotton. However, the party also included several prominent military men: for instance Jose Miguel Medina, Isidro Frisancho, Manuel Martinez de Aparicio, Lizardo Montero and Anrelío Garcia y Garcia. Most of these operated from the Club Militar Dos de Mayo, an institution established on the 1st October, 1871 for the express purpose of establishing Pardo as president. ³ In this sense then

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1. Yet even these measures were not particularly radical or successful; for instance religious tolerance was not established until the 20th Century and Meham notes that in Peru: "the system of interdependence of State and Church is one of the most comprehensive and absolute in Latin America." (1966, p.160, see Chapter 3).
 2. Caceres (n.d.:46) writes that the Civilista party was "... hondamente tradicional, ranciamente ultramontane, esencialmente derechista ... Fue por eso una reaccion plutocratico-aristocratico con cierta aureola de popularidad, pero de una popularidad condicionada, superflua ..." A description which is equally appropriate to Pierola's populism.
 3. Its president was General of Division Martinez de Aparicio (Miro Quesada Laos, 1961, p.39).

civilista politics was not markedly different from previous alliances of elite and military interests on regional lines. In fact the same class fractions identified above in previous power-sharing arrangements are to be found - namely, representatives of the middle class/liberal professions, the military, and a component from the financier/mercantile/planter group (the latter in larger than usual numbers.)

Among the military men involved in the new party we find two generals, and two rear-admirals. Both generals were of the same generation. General Medina (1804-1884) participated with Santa Cruz in several independence battles. He also took part in General Salaverry's government (1836), and then in 1844 pronounced against the Dictatorship of General Vivanco and for Castilla. A year later Medina was elected as deputy to Congress and for the next 6 years represented Ayacucho in the Senate (Ayarza, 1921, p.125).

From 1851 to 1866 he held a variety of posts - for instance, president of the Consejo de Estado in 1852, and Prefect of Callao (1865-66), whilst also acting as Chief of Staff of the Army and General of Brigade (Tauro, 1966, II, p.335). Under Pardo he received his most important position as Minister of War, 1872-73. His career, as briefly outlined above, does reveal a degree of consistency in vaguely liberal tendencies and support for modernizing administrations. However, he was apparently also tied to the coastal group through financial interests; Camprubi (1957, Vol. I, p.38) names him as one of the founding members of the Banco de la Providencia. As a member of the banking elite, he was therefore interested in institutionalising the political processes of the country and consequently subordinating the armed factions .

General Isidro Frisancho's political career demonstrates rather more

contradictory tendencies. Despite early affiliation to 'liberal' causes and 'caudillos' (Castilla and Nieto) and the generous reward of the prefectures of Ancash, Junin, Cuzco and the Amazonas (Cortes, 1875, p.188), in 1852 he joined Echenique's faction as Minister of War, and later defended the unpopular and conservative Pezet government against Prado's revolt in 1865 (Tauro, 1966, Vol.I., pp.553-554). His renewed support for the more progressive elements in Peruvian politics was therefore unlikely to have been prompted by any ideological sympathy, but was perhaps in return for promised office.

Rear-admiral Lizardo Montero's political history is also characterised by the inconsistencies and personal attachments which were so marked a feature of Peruvian political life. In 1857 he supported Vivanco's revolutionary attacks on the Peruvian coast, and on the conservative leader's defeat fled to Spain. However on his return in 1862, he was made a captain, and in 1865 participated in Prado's 'liberal' revolt. He continued as an active politician in the service of Prado, after the Civilista defeat in 1876, with clear political ambitions of his own. These had received an initial setback after his defeat by Prado in the succession contest in 1876, but were realized in 1881 when he became Garcia Calderon's Vice-President.

Such support was obviously crucial to the guano group, since these military men were not only able to mobilise a mass following but were also in a better position to carry out reforms of the armed forces. Important too was the middle class/liberal professional group who tended to form the career politicians and contribute the ideological apparatus of the party. This element may be briefly examined by

considering the interests of Jose Simeon Tejeda, and Manuel Marcos Salazar.

Tejeda (1825-73) was the archetype of the public servant/legislator. An Arequipa lawyer, he was involved in a variety of commissions to reform civil codes made a doctor in 1849, he was later awarded the professorship of law of the University of Arequipa. However his subsequent life is clearly that of a career politician, (although he does appear to have held a relatively consistent philosophy and was respected as a major civilista political thinker having been a contributor to the 'Revista de Lima'). In the Convencion Nacional of 1855-57, Tejeda was elected 'secretario suplente'; in 1869 he was a member of the Junta de Notables of Lima, as well as being president of the Circulo Literario and of the Consejo Superior de Instruccion Publica (Varela Orbegoso, 1916, p.144). Under the Civilistas he was elected to the Chamber of Deputies, where he became president of the House (Echegaray Correa, 1965, pp.440-444,457). However, despite Tejeda's reputation as a liberal, and his apparent political integrity (Cortes: 1875, p.485), he had also had connections with the Pierolista/Balta group, and was named by Balta as Peru's lawyer on the Peru-United States Commission (Cortes:1875, p.486). Furthermore he was linked to international commerce, and in 1863 became the lawyer for the Banco de Londres, Mejico y SudAmerica. Presumably the latter connection was the more important, and must have introduced him to the prominent Lima merchants of the day.

Manuel Marcos Salazar may be taken as the second representative of the middle class element in the Civilista party. Apparently unconnected with either banking or guano, his support for Pardo

appears to have been inspired by genuine liberalism. Originally a teacher at the Colegio de Guadalupe, in the '70s he left to teach at San Carlos, and, shortly afterwards, to become the senator for Junin. He was particularly involved in Pardo's educational reform programme, and he was a member of various education commissions. (Buenaventura G. Seoane, 1901, pp.206-209).

Jose de la Riva Agüero (1827-1881) and Aurelio Denegri may be seen as fairly typical examples of the bourgeois/oligarchic fraction which formed the central core of the Civilista party. The former is a representative of an old viceregal aristocratic family that had supported independence (Anna, 1974), and had subsequently combined the tradition of government¹ with financial activities. Riva Agüero was the first manager of the Banco de Credito Hipotecario (on the 31st January, 1866, in Comprubi, 1957, p.59). In addition, he was on a commission which two years later drew up the regulations for the Caja de Ahorros of the Lima Beneficiencia Publica (ibid, p.82). Typically cosmopolitan, he had studied at Louvain, and, as a young man, had acted as secretary to the Peruvian Legations in Washington and Madrid. He participated in the Extraordinary Congress of 1858-9, as 'suplente' for Huarochiri (Echegaray Correa, 1965, p.572), and later served as Minister of Finance during the brief interim administration of Colonel Mariano Herencia Zevallos², then in 1868, he participated in the founding of the new aristocratic club, the Club Nacional. Under Pardo's presidency Riva Agüero served as

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1. The family had originally been 'conservative', and strong supporters of free trade and a traditional raw material export role for Peru.
 2. Himself from an old aristocratic family, turned 'caudillo' (Parra Rivera, 1976).

Minister of Foreign Relations (1872-75), arranging the fateful 'Secret' Treaty with Bolivia in 1873, and proposing the convocation of an American Congress to decide on help to achieve the independence of Cuba.

Aurelio Denegri was one of Peru's wealthiest and most innovative capitalists. A member of the Junta Departamental de Lima of the Civilista Party, he was also involved in government banking policies, due to his substantial financial experience. In 1872 he became 'director propietario' of the Banco Garantizador, a position he retained up until the War of the Pacific (Camprubi, 1957, pp.103,337), and in 1879 he was appointed to a three man commission created to investigate the affairs of the Banco Nacional del Peru ¹. The Denegri family was also involved in sugar cultivation in Ica, (Macera, 1974, p.166) and owned a business house in Lima ². Confirmation of Denegri's status in Lima's financial/commercial community may be found in the fact that twice in 1879, and then in 1884, he was elected Prior of the Tribunal de Comercio (Paz Soldan, 1917, p.250).

Finally, a prominent and crucial part in the civilista machine was played by the press. Aramburu's 'La Opinion Nacional' - which described the Civilista party as containing "los hombres y las ideas de hoy" (In Porras Barrenchea, 1970, p.111) - as well as the two major newspapers in Peru, 'El Comercio' ³, and 'El Nacional', were all firm partisans of Manuel Pardo.

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1. In August 1879 the bank had its third crisis, and as a result the commission was appointed. The other members were Felipe Masias and Juan Federico Lembecke (Camprubi, op.cit., p.395).
 2. Pike describes Aurelio Denegri as having made a fortune in business and mining activities (1967). Financially, he survived the war.
 3. 'El Comercio' was directed by wealthy guano capitalist, Amunategui and, by 1875, edited by Panamanian-born businessman Jose Antonio Miro Quesada. Quesada was also secretary of the municipality of Callao in 1868, and commander of one of the regiments of the National Guard established by Pardo. (Belmont Parker, 1919).

The above brief breakdown helps us to see, in the light of the earlier discussion, that essentially the Civilistas did not represent a new, national force. Rather they were, like Pierola's followers, a broad alliance of familial, personal and business groupings from amongst the elite, which however had to call on support from other sectors of coastal society to oppose Pierola and his clients. Furthermore, whilst Pardo declared his government's task to be the removal of "obstaculos del pasado" (28th July, 1874, in Ugarteche y San Cristoval, 1945, p.54), the Civilista party was in fact composed of many reactionary elements. It could not possibly sustain a policy of capitalisation and of increasing the productivity of agriculture or construct a new state order, that was truly national in character, or based on more modern forms of class domination, because of the mixed nature of its membership, its limited control of the economy, and essentially conservative aims.¹ Moreover, the way it attempted to bring about the recuperation of the economic base of the elite both intensified the polarisation within Peruvian society and alienated its European allies, who represented its major claim to progressivism and source of strength. This programme of economic recuperation (an aspect of which will be examined in detail in the following chapter) also failed, partly because of the weakness of the Civilistas, but largely because of the international monetary crisis, and in particular the extremely vulnerable and indebted situation of the Peruvian economy.

1. Cotler (1979) contrasts the Chilean and Peruvian regimes, and attributes the national hegemony achieved by the export oligarchy in the former largely to its direct control and organisation of economic production (clearly stemming from its colonial settlement history of relative independence and economic vitality). In comparison the 'enclave' character of economic development in Peru, together with the control exercised by foreign capital is seen to have inhibited the development of one dominant group committed to national integration. Obviously, other factors (discussed throughout this work) must also be considered in order to fully understand the difference.

E. The Crisis of the External Debt and the Role of the British Press

The importance of loans to both the British and Peruvian economies (cf. Joslin, 1963, p.8), the large size of the Peruvian external debt and the unhappy relationship between Peru and Britain have already been touched upon. Having settled its first debts in the 1850s (under extreme pressure from H.M.G.), a new cycle of foreign borrowing was initiated in the 1860s. Foreign loans served to bring in a degree of internal peace through government patronage and mask the stagnation of the economy whilst in fact exacerbating its underlying unbalanced, underproductive, dependent nature. Pierola's attempt to use the guano wealth for more productive purposes (as well as to benefit other sectors of the upper classes) involved the contraction of fresh loans¹; owing to the bullish state of the Stock Exchange, these were heavily oversubscribed (see F.O. 61/331 for full details of the Bondholders' claims, loans etc.). Huge profits (calculated by McQueen, 1926, to even exceed the total Peruvian revenue from guano) were made from the operations connected with the Dreyfus Contract and the 1872 loan (Bonilla, 1970, p.339). The Peruvian Government itself, however, did not even derive much ready cash from these transactions, and it is clear that continuation of the extremely expensive public works' project would necessitate further loans.²

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1. To the delight of Dreyfus and his associates. Earlier Premsel had expressed fears that the original arrangement, whereby Dreyfus would supply the Peruvian Government with a regular income, would overcome the need for credit, thus eliminating a source of large profits: "En donnant au Tresor 1,400,000 soles par mois vous assurez a tout jamais son service, et vous le mettez a l'abri des besoins, systeme qui est contraire a nos interets, car il ferait cesser les emprunts temporaines qui ont leurs petits charmes pour nous." (cited in Bonilla, 1970, p.325. - Premsel to Dreyfus, 15th November, 1869).
 2. In 1873 'The Railway News' commented on the desperate need of the Peruvian Government for liquid capital which forced it to agree in 1869 to "... borrow at a usurious rate of interest a sum of rather less than half a million, giving, as security for the advance, the right to sell 250,000 tonnes of guano at £6 per ton, a concession equal in value to six times the amount of the loan" (20th December, 1873). 'The Times' pointed out that the Bondholders too derived few financial benefits: "Contracts with such governments .. only enriched a few financial leeches and a clique of more or less corrupt officials." (3rd March, 1877).

Pardo was committed to such a policy for several reasons. Firstly, because of the clear need for railroads, secondly because so much public money had already been expended on them, and also because of the unprecedented degree of labour agitations connected to the huge numbers of unemployed ('The Pacific Mail', 1st November, 1873 ; Yepes, 1974, pp.75/6), many of whom had supported the Civilistas, and whose ranks would be further swelled if the public works were abandoned. However the economic depression, rumours of the approaching exhaustion of the guano beds and the hostility expressed by the Bondholders towards the relationship between the Peruvian Government and Dreyfus, all combined to produce the failure of the 1873 loan. Essentially this was also a major factor in the failure of Civilismo, since lack of money meant that large sectors of the armed forces and of the elite (as well as the railways) could no longer be financed. It also forced Pardo to abandon economic liberalism, the fundamental tenet of Civilismo, and intervene in the economy through the 'Estanco' and banking legislation.

The Peruvian Government did not actually default on its external debt, however, until 1876, and efforts continued to be made up until the outbreak of the Pacific War to retrieve the situation and placate the Bondholders. The problem overshadowed both Pardo's presidency and that of his successor, and neatly reveal the dependent nature of the Peruvian economy and the power of the British press and foreign capital.

Although the large size of the Peruvian external debt made it extremely likely that problems with repayment would arise, especially given the small proportion of the loan that the government actually

received and the high cost of interest, the immediate cause of the crisis originated outside of Peruvian control. The buoyant atmosphere in the London money market in the late 1860s and early '70s was already beginning to recede in 1872, and this was expressed in a gradual loss of confidence in Peruvian paper, (which was also provoked by the complicated nature of Peruvian hypothecations, due to the Dreyfus agreement). An editorial in 'The Economist' written in March 1872 discussed the 1872 loan in the following way:

"We are told that guano brings in £4 million a year, and will be especially pledged; that one railway bringing in £72,000 a year, and other railways will also be pledged; so with the customs, which bring in about £1 million, but there is nothing to show how much of the above is really free, or at the disposal of the Peruvian Government, or how long the guano is likely to yield to £4 million a year, if it really does so now. As the charge of the debt will be £1,840,000 for annual interest and £736,000 for the sinking fund ... it is plain that a statement of the free revenue without guano, and an estimate of the probable duration of the guano are both essential points... The state revenue, exclusive of customs and the guano, ... is only about £500,000 and the expenditure, excluding the interest on the debt is £2 million, showing a deficit of £1,500,000... which must be made good out of the resources now especially assigned before this can be made available to the creditors ... it is... quite clear ... that the pledge of any revenue but the customs and the guano is purely illusory. If the guano especially does not yield at least £3 million the creditors will not be paid..." (23rd March, 1872, my emphasis).¹

1. Despite this, as already mentioned, the 1872 loan was most 'successful' and the 'Standard' reassured the public that:"although the amount seems large there is little apprehension of loss." (20th March, 1872). Furthermore aspersions cast on Peru's financial state were contradicted by the numerous subscriptions received for the new Dreyfus bank (Banco Nacional del Peru) amounting to 32 million soles, (cf. 'Panama Star and Herald', 6th May, 1872).

The explicit doubt cast here on the volume of guano still remaining in Peru marked the beginning of a dialogue, largely conducted in the London Press, over the quality and quantity of the fertilizer, the trustworthiness of the Peruvian government and the consequent reliability of Peruvian credit. This became a self fulfilling prophecy, and produced humiliating infringements of Peruvian sovereignty, as the inevitable results of speculation were blamed on Peru ¹. Despite various scientific investigations of the guano islands, conducted under British auspices as well as Peruvian, reporting that stocks remained plentiful (cf. Duffield, 1877, p.77), rumours to the contrary still circulated and both sales of guano and Peru's credit rating continued to fall. In vain 'The Pacific Mail' pointed out:

"A good deal of controversy has lately arisen on this subject from the circumstance of the Peruvian Government being somewhat at variance with their financial agents ... otherwise there is

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1. For instance in 1878 'The Man of the World' noted that throughout the world there was due to the: "British holders of foreign Bonds in default a sum equal to half the National Debt of England." However this situation could in no way be blamed on the Bondholder or on the configuration of International finance: "Many of these defaulting States are enjoying a degree of internal prosperity, the inhabitants ... basking in the sunshine of every kind of personal indulgence..." The fault lay entirely with the 'untrustworthy foreigner', and a return to Palmerstonian bullying was called for, as the only tactics that would be understood: "These foreign states not only refuse to pay either the interest or principal of their debts, but they confiscate the special hypothecations given ... and fatten perpetually upon the plunder of these Bondholders ... and insult the British Government to its very beard... (Peru has) been living upon the plunder of Englishmen for many years. They borrowed of us in 1870 and 1872 £31,000,000, they gave us a mortgage upon their guano deposits as security, and yet they sell it and pocket the proceeds, leaving us without principal or interest since July 1875. There is now due for arrears some £6,000,000. All attempts of the Bondholders to stop this spoliation and obtain some measure of justice has hitherto been fruitless....." (21st September, 1878).

nothing whatever in the actual position of (its finances) to warrant any unfavourable conclusions as regards the securities of the republic. On the contrary, the more of the resources the country are looked into, the greater they will be found... the greatest possible economy is being exercised in the national expenditure..." (16th December, 1873).

In reality, however, Peru's financial condition was continually deteriorating. In November 1873 problems with Dreyfus arose as the latter, alarmed by the slump and fall in the quality of and demand for guano, refused to maintain the debt service. In response the Peruvian Government suspended the permit to ship guano and promulgated two decrees declaring that holders of the 1870 and 1872 bonds had preferential hypothecation over all Peruvian guano, and that legal proceedings would be instituted against Dreyfus, should he fail to meet the interest and sinking fund payments on the next date due. This tactic proved effective and resulted in a new contract, which committed Dreyfus to continuing to service of the debt until July, 1875, by which time Pardo hoped to have gained a new source of revenue through the 'Estanco'. 'The Times' acknowledged that the government had done its best for the Bondholders, but commented that "its power to do that best has been very limited...", due to the situation in which the government found itself,"... from having become a party to contracts under which monopolists have had all the power and the Government none.." (25th December, 1874), and it later became apparent that, in its dealing with Dreyfus, the Government owing to its vulnerable and desperate position, had fared extremely badly. ¹

1. In an examination of the Bondholders' Affairs, Clarke, a leading member of Croyle's committee, asserted that in their dealings with Dreyfus, both Peru and the Stock Exchange had been deceived...".. the Peruvian Government did not get what they ought to have got.." (P.P. Monetary Policy General II, 1877).

Events were clearly moving the Peruvian economy swiftly into bankruptcy; the failure (and unpopularity) of the 'Estanco' did nothing to alleviate affairs, whilst continued speculation in Peruvian stock, and unfavourable newspapers reports further exacerbated the situation. At the end of 1874 the 'Money Market Review' discussed Peruvian attempts to solve the problems of the External Debt in the following way:

"... the expediency of reducing either the interest or the capital of the Foreign Debt is openly discussed in the Congress. In other words, it would appear that, since Peru begins to find that her liabilities are more than she can manage, her legislators turn, as if to the only resource open, to discussing the advisability of a blank repudiation of her solemn obligations to the foreign creditor." (12th December, 1874).

'The Bullionist' laid the blame rather at the door of Dreyfus:

"The necessities of the Peruvian Government have compelled it to raise money through the contractors who dispose of the guano, and the Bondholders wish to know to what extent the contractors lies over the supplies they have in their own keeping interferes with their prior right of property in it. The guano may be abundantly sufficient to secure them against loss in the event of anything happening; but it is obvious its value for their purposes would be greatly deteriorated if it were also held as security by the contractors for their advances. What is the precise arrangement of the Government with the contractors? ... Peru deserves to be treated with all fairness and respect by its creditors ... but... the country is in an unsettled state, political divisions interfere with its stability..." (2nd January, 1875).

Other reports on Peru at the beginning of 1875 also discussed the collapse of businesses and internal dissensions and warned the Bondholders to be alert, in case more hypothecations of their property be made (cf. 'Daily Telegraph', 24th January, and 2nd February, 1875) Not

surprisingly, therefore, the Peruvian Government's attempts to obtain credit from fresh sources, or negotiate new agreements, were unsuccessful, and at the beginning of 1876 it declared itself bankrupt. On the 11th January, Juan Ignacio Elguera, the Minister of Finance, made a detailed statement on the subject of the Debt and outlined the efforts that were being made to settle the Bondholders' claims. He emphasised the barriers to such a settlement, arising from the press:

"The passionate hostility of some of the English and French journals which have been attacking Peru for some time past to the evident damage of native and foreign interests involved in the credit of the country, ... have all tended to create a situation in which the arrangement of a suitable contract in the exterior is as difficult as it would be disagreeable to the Government to solicit it..." (in F.O. 61/323).

H.M.G., however, supported the argument that it was Peru's involvement with Dreyfus which was the main cause of the dispute:

"... in 1874 the Peruvian Government made a private contract with Messrs Dreyfus... whereby, in consideration of large advances to the Government, the firm obtained the exclusive right to sell guano in the European market till the 1st November, 1876, and were relieved of the obligation of providing for the Bondholders' claims.

The consequence was, that in January, 1876 the Bondholders ceased to receive any interest on their Bonds.

The Peruvian Government, independently of their contracts with ... Dreyfus... have been selling a large quantity of guano on their own account... and they have appropriated the entire proceeds of these sales for their own purposes, leaving the interest due ... unpaid." (F.O. 61/323, Confidential Memo, 2nd January, 1879.).

Despite these problems new negotiations were entered into between the Peruvian Government and the Bondholders, resulting in June 1876, in the Raphael contract. Raphael formed a company under the name of the Peruvian Guano Company, which was made up of many former consignees (thus regaining for them their former economic base, cf. Karno, 1970). In return for an annual income of £700,000, the Peruvian Government consigned to the Peruvian Guano Company, 1,900,000 tons of guano, the proceeds of which would be used to pay the governments income and the Bondholders. However the latter agreed not only to forego cash payments of interest until the beginning of 1879, but also to a reduction of the future rate of interest. These concessions were made largely because of the grant to the company of the exclusive monopoly of the sale of the fertilizer in the European market ¹, (for full details see F.O. 61/323, *ibid*).

However the Peruvian Governments' complicated dealings with Dreyfus led it to transgress this agreement by assigning more guano to the French House. The resultant competition meant, by the outbreak of the Pacific War, that the Bondholders had gained virtually no benefits from the contract. ² As a result, not only the British press, Bondholders and stock Exchange viewed Peru with hostility, but H.M.G. too had decided it was time to intervene:

"... H.M.G. have come to the conclusion that the time has arrived when they can no longer
abstain from officially representing to the Peruvian Government the complaints of the British holders of these Bonds..." (F.O. 61/323, *ibid*).

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1. This contract was concluded with the committee headed by Russell, and was violently opposed by Croyle and his supporters.
 2. Nor had it solved the problems of Peru's finances and credit rating.

F. Summary

It should be evident from the preceding discussion that an attempt to characterise Peruvian politics in the period under study needs to take into account not only issues such as the diverse relations of production and forms of domination, the colonial, political and cultural heritage, and the influence of Western thought, but that a central determinant may be seen as the export orientation of the elite together with its predication on the world economy. It is clear that the class relations emerging from relations between foreign capital and Peru are highly complex, and as such belie simplistic impositions of class schema derived from the realm of theory, and similarly affect the character of the political processes. On the one hand 19th Century Peruvian politics, apparently demonstrating the emergence of a national bourgeoisie, were largely expressed by and mediated through West European institutional forms; on the other hand the embryonic forms of capitalist relations that were beginning to emerge in Peruvian agriculture were, both on the coast and in the sierra, manifested through an intensification of archaic, 'aristocratic' forms of exploitation, in political contradiction to a modern, bourgeois, centralized state form. Furthermore the 'liberal'/semi capitalist sector of the oligarchy (together with more progressive elements of Peruvian society) whilst in favour of modernising and extending central state power, was inhibited in this task both by its subordinate relationship with British capital and by the nature of its economic base. In Chile similar problems were overcome because of the comparatively cohesive character of the feudal landowning class (stemming from its different colonial history) which enabled

it to construct an effective central state structure and exercise more control over the national economy¹. In the admiring words of British Diplomat, Horace Rumbold:

"There exist in Chile the elements of a society in some ways essentially superior to any to be found in other South American republics. The landowning classes, who practically govern the country, do so by reason of their territorial possessions and their pure Spanish descent.... The hacendados... are necessarily preponderant in the state and constitute in effect a powerful oligarchy." (1902, Vol. I, p.26).

By contrast, Peruvian politics, whilst derived in form from British practices, did not provoke the same admiration. Furthermore the methods employed by the Civilistas in their attempt to establish hegemony over other segments of the upper classes and the popular sector, on the lines of the Chilean state, involved the alienation of important sectors of British capital, and played a part in bringing about the Pacific War. On the other hand the Civilistas were too weak vis à vis foreign capital and in the face of the world depression to succeed in their aims. The following chapter will examine, in detail a major aspect of Civilista economic policy, in the context of its interaction with British capital.

1. Monteon writes of the pre-Pacific War period in Chile: "A few dozen aristocratic families owned the richest estates, ran the state administration and held the high offices in the Church." (1982, p.3). Cotler points out that direct control of the national resources at this time further increased the hegemony of the Chilean export oligarchy over other sectors of society (1979, p.257).

CHAPTER 8 : THE 'ESTANCO' AND BRITISH CAPITAL

The interests of foreign capital and the embryonic Peruvian bourgeoisie coalesced in two major export enclaves, both of which were of crucial significance for the entire Peruvian economy - guano and nitrates. As has been seen in the preceding chapter, the guano industry led to the insertion of the Peruvian economy into the capitalist world market and raised the state to an exaggeratedly prominent position in Peruvian society. On the other hand, the imbalance and distortion produced by the guano industry accentuated the fragmentation of Peruvian society and did not enable the state to achieve national sovereignty; its purchase as Peruvian society remained imperfect. Similarly the financial basis of the Peruvian bourgeoisie, established via the guano industry, was fragile, speculative and dependent. These problems came to a head at the beginning of the 1870s and provoked intervention by the Civilista government in the nitrate industry.

This chapter is concerned with British, Peruvian and Chilean capital and the 'estanco', and deals with some issues already discussed by Greenhill and Miller (1973). However, whilst their account of the government monopoly is most thorough, they fail to draw the obvious conclusions from their evidence. The general tenor of their argument is to exculpate British capitalism by a detailed examination of general motivations; this episode is of interest, however, because it presents, in microcosm a picture of the articulation of metropolitan capital with West Coast mercantile activity, and demonstrates the orientation of the Peruvian economy to metropolitan demands. It also highlights

the nature of the interaction of the Peruvian state both with foreign capital and with H.M.G. It is an important episode, too, because foreign opposition was aroused by the 'estanco' policy and contributed to its failure, and, as such, the monopoly policy was an important component in the complex of causes leading up to the War of the Pacific.

The involvement of both Britain and Chile in the nitrate industry dates from the very beginning of the exploitation of the fertilizer. Nitrate extraction began in the 1830s, largely stimulated, as in the case of guano, by the demand generated by British agriculture, and also by its importance in the manufacture of explosives. British merchant houses were active in the industry from an early stage, although the majority of the 'paradas' were, until the 1860s boom, relatively basic, unmechanised operations, owned by smaller Peruvian and Chilean entrepreneurs. The first importation of the fertilizer into England was in 1829, by the merchant Joseph Hegan¹, and already by 1833, H.M. Consul Wilson was describing the trade to Palmerston in the following way:

"The export of saltpetre from the Peruvian port of Iquique is yearly becoming of increasing importance to the commerce of Great Britain ... it is peculiarly important to the trade of this country, supplying vessels with a return cargo and thus diminishing the amount of hitherto more unprofitable mode of payment for British manufacturers in silver or bullion.."
(10th March 1833, F.O. 61/23)

1. In an article dated 1st February 1875, the 'Pacific Mail' reported that 34 bags of nitrate of soda were brought into England by Hegan and sold to the Liverpool broker, James Atherton.

The policy adopted by the Peruvian Government towards nitrates was strikingly different from the controlling influence it exercised over guano, and this approach was initiated by Gamarra partly because he, according to J.M. Rodriguez,

".. creyo favorecer a Tarapaca, su pais natal, con la liberacion del salitre ..",

but also because this policy suited the Chileans to whom,

"tan obligado estaba el Presidente de la Republica .. y a quien le ligaban simpatias ..",

for the Chileans formed a major market for the product, as well as being involved in its extraction,

"exportandolo como producto propio de Chile .."
(1916, Vol.X, p.319)

In Rodriguez' view it was therefore largely because of Chilean involvement in Tarapaca, and their influence over certain Peruvians, that nitrate was not used as a source of government income until the late 1860s¹. Moreover, since, until the 1860s and 1870s, the Chileans tended to dominate the industry, they came to view the nitrate as properly belonging to them, a factor which made Tarapaca an,

".. objeto de codicia para Chile .."
(Rodriguez; 1916, Vol.X, p.320)

It would appear that other people were also confused with regard to the ownership of the fertilizer². As late as 1874 the Corporation

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1. Offering an important example of the effect of Chilean influence on Peruvian politics.
 2. In 1872 Peruvian fiscal Commissioner Daniel Ruzo reported on the threat represented by Chilean warships to Tarapaca, the nitrate of which ".. hasta aqui se ha explotado casi exclusivamente en beneficio de Chile, y aun presentandosele en los mercados europeos como producto chileno .." (in 'La Prensa; 4th October 1872)

of Foreign Bondholders noted that,

"Hitherto, by an inexplicable anomaly, Peruvian Saltpetre has been regarded and designated on all the European markets as Chilean. .. It is important that the public .. be .. informed that all the Saltpetre exported by the Merchants of Chili is extracted from Peru .."

(Corporation of Foreign Bond Holders, I, 19th March 1872 to 21st December 1874, p.ii)

However, British capital, through the dominance exercised by the large merchant houses over the whole West Coast commerce, increasingly infiltrated the industry. These merchant houses held sway over the whole Peruvian economy, and were dominated by Europeans. Dancuart (1906, Vol.IV, p.12), using Peruvian tax records, has shown that among the top seven merchant houses in Lima, four were foreign owned and heavily involved in guano by the 1840s. Among the next twenty-four biggest import-export houses, the vast majority were also foreign owned. These 'casas fuertes' were inextricably involved in a multiplicity of areas of Peruvian commercial life, from exporting guano, supplying ships, giving credit, handling wool exports, importing everything from luxury goods to sugar mill machinery and acting as agents for the Peruvian Government abroad. Capelo, writing in the 1890s, described these houses in the following way:

"Few in number, but with strong influence in all centres of national life, they constitute a vigorous nucleus which can cause laws to be made or unmade without anyone knowing. They do or undo whatever is in their own interests, with no other motive than the concentration in their own hands of all the national wealth .."

(Capelo; 1895, Vol.III, p.137)

It was therefore inevitable that the Europeans, primarily British, would eventually take a greater interest in nitrates too, especially

as its importance rose, and as Peruvian mercants began to take over the handling of guano. Moreover European merchants tended to invest indiscriminately in Chilean, Bolivian and Peruvian areas, and might be based in either Lima or Valparaiso or both. In the 1850s Duncan Fox began to discuss the possibility of entering the business, and in 1851 Stephen Williamson founded the firm of S. Williamson & Co. specifically to develop the nitrate trade (Lima Times, "Scots in Peru", 19th December 1975). In 1855 Seymour, Peacock & Co. (London) wrote to Clarendon requesting that a British Consulate be established at Iquique, in view of the considerable amount of British involvement there:

"The undersigned merchants of the City of London, being largely interested in the importation to this kingdom of nitrate of soda from Iquique .. take the liberty of pointing out to Your Lordship that this valuable article of commerce is yearly increasing in consumption for agricultural and domestic purposes, employing a vast amount of British capital both in its manufacture in Peru and in the tonnage required for bringing it to this country, that during the last six months of this year upwards of 10,000 tons of nitrate of soda were shipped to the United Kingdom alone, in British bottoms .. being nearly equal to the entire quantity shipped to all other nations .. put together, and representing a money value of nearly £200,000 .."

(F.O. 61/158, 15th November 1855)

This request was granted - in itself an indication of the importance of the province of British capital. In January 1859, John Ravenscroft noted the soaring profitability of the nitrate provinces, but decided to delay involvement for a while:

"Nitrate of soda is selling at 16/6 but until we see some system adopted, by which quality can be made sure, we will not be inclined to order on our account. The immense

quantity on the way, we should think, will over-stock the market, but the consumption is undoubtedly very great and far beyond anything we knew before .."

(Short History of Duncan, Fox & Co. Ltd., 1843-1956, p.32)

In the event, the market was not flooded and the British share in the industry increased quite dramatically in the 1860s, especially after the 1868 boom, when consumption in Britain, from 1868-73, doubled (Annual Statements of the Trade of the U.K. with Foreign Countries and British Possessions, in Parliamentary Papers, 1868-1873).

Unlike the guano industry, nitrate extraction increasingly required large amounts of capital and technological expertise, since a complicated and expensive manufacturing process was needed to remove the impurities from the substance (Greenhill and Miller, 1973, p.111). So, as European demand for the fertilizer rocketed, and the impetus to raise productivity increased, steam was introduced into its manufacture, and larger, modern and predominantly British concerns took over more and more of the industry, replacing many of the more primitive 'paradas'. In 1873 the 'Pacific Mail', in an article on the Peruvian economy, wrote of the industry:

"There are numerous small manufactories, but the chief ones are those of Messers Hainsworth & Co. at San Antonio, and Messers Gibbs ' Co. at La Noria."

(1st November 1873)

Chilean and especially Peruvian capitalists undoubtedly suffered as a result of this expansion, and by the 1870s much of Chilean nitrate capital was to be found in the famous Cia. de Salitres y Ferrocarriles de Antofagasta in Bolivia. By the early 1870s a large proportion of the industry used steam driven machinery (which could reduce costs to £5 from £8 per ton) and over twenty firms manufactured

between 5,000 and 10,000 tons per annum (Greenhill & Miller, 1973, p111); in 1872 2,176,239 quintals, with a value of £1,604.040, (out of a total of approximately 5 million quintals) were exported to the U.K. alone (P.P. 1874, LXVIII, Accounts and Papers; Commercial Report No.10). The early 1870s were the peak years, and in 1872 many new nitrate companies were organized in Lima, a number of banks opened in Tarapaca, and major port facilities developed, extending Southwards from Pisagua in Tarapaca to Taltal in the Bolivian littoral. Iquique, however, remained the most important outlet, the terminus of the nitrate railways, which served isolated 'oficinas', and the entrepot for all the local ports. In contrast to this prosperity in the South, the economic situation in Peru continued to deteriorate. As articles hostile to Peru, asserting that the guano had run out, began to appear in the British press with increasing regularity, and as the Peruvian oligarchy began to suffer from the depression, the Peruvian Government turned to Tarapaca nitrates as the source of new income which would avert social unrest, national bankruptcy and total loss of credit. (Gibbs Ms.10, 703/2, 12th July 1877)

From 1848 to 1868 Gamarra's policy had been followed and the nitrate industry had remained untaxed. In response to the boom in sales, which began in the late 1860s, a light export duty of 10/- per 100lb (4 centavos per quintal) was imposed by the Peruvian Government in 1868. Then, in 1872, along with an increase in customs duties and proposals for administrative decentralisation, two plans were put forward; one to establish a government monopoly of the industry, and the other involving profit-sharing and higher export duty of 25 centavos per ton. This proposed change in policy with regard to

nitrate was partly a result of the, by now, huge external debt of Peru which required almost £2 million a year to merely service it - a sum which had begun to absorb almost all the government's revenues (McQueen, 1926, p.7)¹. Pardo was also inspired by the hope that by controlling the export of nitrate, guano sales would rise again, as nitrate was viewed as a major competitor to the government controlled fertilizer. It was felt, too, that the present nitrate industry had:

".. privado a la republica de usa de sus grandes fuentes de riqueza permanente, tan grande que podria sustituir con ventaja la guano y ser desde ahora el primero de los recursos fiscales .."

("Loque se ve y loque no se ve" in La Opinion Nacional, Lima, 1874.)

The 'Estanco' scheme was most attractive; it would, through the collaboration between the banks and the government, enable Peruvian capital to regain a strong position in the industry, whilst also allowing a new set of foreign capitalists to become involved. This perhaps explains the later claims of Charles R. Flint, an international arms broker based in New York, who attributed the plan to a group of international bankers and financiers (who were indeed involved in Peruvian banking business). As with the guano state

1. Pardo's message to Congress, August 1872, contained full details of the desperate state of Peruvian finances: "The special circumstances connected with the exportation of saltpetre show an incontestable right on the part of the country to look to this as a means to replenish the Treasury, and we believe without any hurt to the industry .. we look to this rich portion of our territory to replenish our exhausted coffers, we .. call attention of the people to the monopoly which Peru enjoys in the world, in the production of nitrate of Tarapaca, proving that in the last few years the production has been annually increased and how nearly doubled the price during the last 8 years." (Diario de Debates, Camara de Diputados (Lima), Vol.II)

monopoly, the Peruvian Government was to receive a regular monthly salary from the proceeds - thus solving its budgetary problems.

According to Charles Flint:

"My firm were the agents of this monopoly in the United States, and we secured the European Agency for Baring Brothers. The result of this organisation was detrimental to the nitrate producers and merchants of Chile, a fact which led up to a war of conquest .."

(in W.J. Dennis, 1931, pp.74/75)

On the 18th January 1873 the nitrate state monopoly scheme was made law, to come into operation two months later; however, in the event, implementation of the project was further delayed. Such a scheme ran directly counter to the laissez-faire policies of Pardo and the Civilistas; but, the main reason for the postponement is to be found in the violent opposition the 'estanco' aroused in Peru - both from the Pierolista group and from the nitrate concerns - and in Europe. The 18th January 1873 law entitled the state to buy nitrate at 2.4 soles per quintal; if the nitrate was then sold above 31 soles the producers and the Treasury would share the profits between them. Production quotas were to be assigned to 'oficinas' on the basis of existing output and capacity. Unworked nitrate was to become state property and 'salitreros' were prohibited from any further extension of their holdings. The administration of the whole project was to be undertaken by the banks - The Nacional, Providencia, Peru and Lima. The policy thus represented an attempt by the civilista capitalists to regain their economic base - from which they had been dislodged by Pierola - through control of nitrates, and the Pierolista press was swift to denounce them.

To the F.O. the project was a further example of the Peruvian predeliction for restrictive, mercantilist practices, which it had vigorously opposed since Independence. In 1839 Mr. Wilson had been instructed in the following manner, when the possibility of a brandy monopoly arose:

".. whatever may be the pretense under which the Government may propose to establish a monopoly, it will be your duty at all times to use your best endeavours to dissuade that government from entertaining or encouraging any such project.."
(F.O. 61/57, 3rd February 1839, F.O. to Mr. Wilson)

Mr. Wilson was successful in discouraging the scheme. The guano trade had been described as 'an oppressive monopoly', and strenuous efforts made to persuade the Peruvian Government to change its policy, and the 'illiberal' and 'backward' nature of Peruvian commerce was frequently commented on, and often compared unfavourably to Chilean practices. In 1860 Jerningham wrote to Russell:

"In obedience to the instructions .. in Your Lordship's dispatch .. to communicate to the Peruvian Government a copy of a paper which had been drawn up by the Board of Trade showing the results of the Policy of Free Trade which had been adopted in England and to point out to the Peruvian Government the advantages which have been derived from the introduction of a more liberal system and which H.M.G. are convinced would equally follow the introduction of such a system in other countries .."
(F.O. 61/193, 8th June 1860)

Inevitably then, the nitrate project, on ideological and practical grounds, aroused H.M.G. opposition and Jerningham described it as having:

".. caused great complaints in the districts of Peru from whence .. (it is) exported, and a deputation arrived the other day in Lima from Iquique to remonstrate with His Excellency

the President against what they considered a hardship and a measure detrimental to the interests of the producers .."

(F.O. 61/272, Jerningham-Granville, 28th January 1872)

and an official protest was registered.

By the 1870s Tarapaca might have been described as a paradigm of an enclave economy. The nitrate trade, centred in Iquique, created very few forward or backward linkages into the Peruvian economy. Geographically isolated, like Guano, in the far South of Peru, the industry probably generated more feedbacks into the Chilean economy than the Peruvian. The shipping, marketing and general administration of the fertilizer was handled from the headquarters of merchant houses, like Gibbs, which were frequently based in Valparaiso, and usually these houses had interests in Chilean/Bolivian nitrates too. Increasingly these same companies were also either directly involved in the manufacture of nitrate, or provided loans for machinery, equipment and such items, most of which also came through Valparaiso, from abroad. Even food tended to be imported from Chile, labour was largely provided by Chilean nationals¹, and the bulk of the profits from the industry went overseas. March reported on the composition of the industry, and its reaction to the government proposals, in the following way:

"In the establishment of chemical works at Tarapaca and Iquique on modern principles for the recrystallisation of crude nitrate in order to manufacture nitrate of soda of commerce, much British capital had been invested. Many of the

1. 'El Comercio', 18th October 1873, estimated that 90% of Iquique's population was foreign.

scientific employees also are British subjects and any restrictive legislative enactments which may jeopardise the existence of this enterprise would be attended with disastrous results to a sector of the community. This question is therefore regarded with much apprehension by these materially interested."

(F.O. 61/285, March-F.O., 26th October 1874)

and 'The Times', in an article on the proposed monopoly, noted:

".. Lord Granville has instructed Mr. Jerningham to represent to the Peruvian Government the impolicy of a course so likely to check consumption in this country. The Foreign Office will, it is believed, likewise institute inquiries in other quarters where nitrate of soda may be expected to be found .."

(1st February 1873)

The nitrate capitalists had been long accustomed to complete freedom of action and therefore themselves took vigorous action, both in Peru and London, against the threatened intervention.

According to Civilista paper 'La Opinion Nacional':

".. lejos de contribuir al sostenimiento del gobierno, la la industria salitrera la atacaba, menoscabando su renta, y amenazaba herirlo mortalmente en sus mayores angustias, con perjuicio de las otras industrias nacionales ye de la sociedad entera, .. la libertad de una sola industria .. nos estaba haciendo mal a todos en el orden industrial .."

("Lo que se ve y lo que no se ve", Lima 1874)

Moreover, the resistance offered was primarily the work of:

".. los industriales y comerciantes chilenos .. (y) han tenido lugar grandes perturbaciones en la industria salitrera y se han retirado de ella algunos capitales extranjeros .."

(op.cit., Lima 1874)

The large Tarapaca Nitrate Company, another Gibbs' subsidiary, was especially vocal, and by Autumn 1873 the measure had been shelved in favour of higher export duties (to 15 centavos per quintal)

(McQueen, 1926, p.40). Nevertheless, a company was established, in July 1873, the Cia. Administradora del Estanco del Salitre, to collect the export duties. This company was set up by the banks, who obviously considered the measure to have been merely postponed, and their case was strengthened by the poor results of the higher duties, which brought in a mere 697,542 soles in 1874. As the 'New York Herald' reported on 4th August 1874:

"The benefits expected from the law of the 'estanco', or limitation of the exportation of nitrate, have only been realized in small measure, for the reason that it has not been possible to establish the estanco itself, in spite of all the arguments used in its favour. .. Public opinion not only in the Province of Tarapaca, in the republic generally, appears to be decidedly in opposition to the measure, an obstacle difficult to overcome .. and much more so in a matter whose successful result required the assistance of all".

By the end of 1874 both British and U.S. consular reports began to dwell more and more on the worsening financial situation in Peru. In October 1874 March wrote to Derby that the, "urgency of financial stability in Peru can only be established by the raising of funds abroad from guano sales.." (F.O., 61/285). However, March noted, the competition provided by nitrates to guano was diminishing both the market for and profitability of the government owned fertilizer:

"It is assumed that nitrate of soda in addition to its consumption for chemical purposes and separate application to the soil, enters largely into the composition of artificial manures used by Britain and other agricultures and therefore it is said to compete with and lessen the demand for guano. This circumstance caused a tax to be levied on the exportation of nitrate of soda from Iquique giving rise to much discontent. .. A heavier impost is now

advocated by some, while others call for the suppression of the Nitrate works .."

(F.O. 61/285, March to Derby, 26th October 1874)

Such measures would, however, still, March noted, give rise to strong protests due to the amount of British capital tied up in the area. The 'South Pacific Times', on the other hand, considered that the government should remove "... the established rights of the few to protect the interests of the many .." (in Greenhill & Miller, 1973, p.116). The situation was made all the more urgent due to the collapse of Peru's credit rating. Despite a brief revival in the country's reputation following the favourable reports in April 1874 on the extent of the guano stocks ('Foreign Times', 11th July 1873; 'New York Herald', 6th May 1874; 'Financier' 3rd September 1874)(reports demanded by the Bondholders and the London Press), and the new Dreyfus agreement, the tide had almost immediately turned again. As outlined in the preceding chapter, hostile reports on Peru began to appear in London newspapers from the middle of the year ('Money Market Review', 12th December 1874; 'South Pacific Times', 28th December 1874); most damaging of all was an unfavourable report by 'Stock Exchange Review', which may be said to have effectively sentenced Peru to bankruptcy (Maignaschca, 1967, pp.299-300). There was considerable pressure on the Peruvian Government from within the country too. The world depression was affecting most aspects of the export economy, severely reducing the sources of income available to the oligarchy, and 1874 saw the failure of several Peruvian businesses, amongst them the prominent merchant houses Ugarte & Co. and the Zاراcondogui House¹.

1. 'The Times', 30th June 1874, reported that the failure of Zاراcondogui, "... one of the foremost and wealthiest merchants (of Lima) .. had thrown .. Lima into considerable confusion, many families having deposited upwards of 2,000,000 soles with him .. A few days after this another failure, that of Mr. Ugarte, was announced .."

On the 10th December 1874 'La Patria' wrote:

"The paralisation of business has increased up to a point which we may call almost desperate - no new engagements are entered into. The banks have hermetically sealed their coffers, and if they open them it is not with the intention of leading, but with the hope of receiving. Money cannot be obtained at any interest, nor on any security, however satisfactory."

However, the government was also desperate for money¹ and the Peruvian banks now represented virtually the only possible source of income. It is at this point that the symbiotic relationship between the Government and the coastal oligarchy is perhaps most clearly illuminated. Nitrate was practically the only remaining profitable industry, and, as was customary in 19th century Peru, the state was to use Peruvian natural resources for the benefit of the oligarchy - both the Peruvian 'salitreros' and the bankers. On the 27th December 1876, in his letter to Huth in London, Rowe noted that, "The nitrate expropriation scheme is all the banks have to look for .."

(Ms.10703, 1-2). Roel, too, views the whole operation as little more than an exercise to benefit the old guano plutocracy², now involved in banking, rather than the Peruvian state, and Weaver's notion of the autonomy of the Peruvian state appears, at this stage, somewhat dubious. An extraordinary session of Congress was therefore called at the beginning of 1875 to once more discuss the question, raised

1. U.S. Consul Thomas, 16th February 1875, wrote to Washington of the ".. deeply embarrassed condition of Peruvian finances." (Foreign Relations of the United States)

2. Roel writes: "La operacion no estaba dirigida a beneficiar al Estado sino a la plutocracia guanera, convertida en banquera .." (1977, p.24)

late in 1874 by Finance Minister Juan Elguera, that nitrate should become a government monopoly, and its price be raised (Daily Telegraph, 12th December 1874). By mid 1875 a scheme was finally developed and an expropriation decree passed on the 14th December 1875, to become law in the middle of 1876. By this law the state was authorized to buy up 'salitreros', who, because of the government's failure to raise a loan in Europe, would be compensated with 2 year certificates, bearing 8% interest and a 4% sinking fund, in exchange for their properties. Capitalists could then work the 'oficinas' as tenants of the government, but manufacture was to be carried out according to fixed quotas and price controls. The administration of this system was placed in the hands of the Peruvian Nitrate Corporation, made up of the 4 civilista banks, represented by the Cia. Administradora del Estanco del Salitre set up in 1873, British merchants Gibbs, and the government as a silent partner (F.O. 61/351, November 1882). The directors of the company were all prominent public figures, several members of congress, and all civilistas. Francisco Garcia Calderon was President, Carlos Elizalde Vice-President, and Luis B. Cisneros the Secretary. The company received from the state 36 plants, fully equipped and valued at just over 11 million soles; that is to say, 70% of the industry (Foreign Relations of the United States (Peru), Gibbs to Fish, 13th July 1876). The Providencia Bank took on the concession to sell nitrate in Europe, and the House of Oliphant, represented by Juan Elmore, the concession for Canada and the United States. From this arrangement the banks also took 5% commission on all nitrate sales; but this was not all. The deal also granted them control over a variety of other export items, but more important still, they were to be permitted to increase their note

issues from 9,100,000 soles to 15 million soles, and the return to specie payments was indefinitely postponed. This arrangement, together with the permission given to Meiggs in 1877 to finance his railways by issue of his own paper, effectively eradicated any governmental control over the money supply and accelerated the already chronic inflation and capital flight. (Ms 10,703/1-2, Rowe to Huth, 27th August 1877) In return, the Government received a bank loan of 18 million soles¹. Gibbs' part in the business was as consignee, under most favourable terms (Gibbs Ms 11,41/3, London to Valparaiso, 1st February 1876). One of its obligations, however, was to lend money to the banks. The entire negotiation exemplifies the way in which the government machinery was used in a quite remarkable way by the Civilistas, and other prominent capitalists, to revive their fortunes.

Due to the world depression the industry was no longer quite so profitable as it had been in the early 1870s and, as a result, many of the 'salitreros' were more conciliatory in their reaction to the law. Indeed Miller and Greenhill(1973) tend to argue that they viewed

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1. Spencer St. John informed the F.O. that "after long negotiations an agreement has at length been arrived at by which the banks lend the Government \$18 million soles .. to enable the banks to lend this amount they are permitted to increase their circulation which is irredeemable .. The Government has given as security, a certain amount of government bonds of the public debt and the produce of the nitrate tax or nitrate works when acquired .." (St. John to F.O., 16th August 1875, F.O. 177/149)

Initially the government had hoped to raise a £7 million loan, as part of the whole project, using the newly acquired 'oficinas' as security. £4 million of this was to have been employed as compensation for the 'salitreros'. In fact, Peru's (by now) poor financial reputation, together with the depressed state of the money market, made such a loan impossible. Consequently the certificates were issued instead, and the internal loan obtained.

the government offer as a chance to escape from a non-profitable industry, while Gibbs' eventual collaboration in the project could be viewed as further evidence that the theory that the 'estanco' alienated important foreign interests, including the Chileans, and was therefore a contributory factor in the outbreak of war in 1879, is untenable. However, there were several reasons for acceptance of the scheme this time. As Miller and Greenhill themselves point out, many 'salitreros' may simply have felt that strenuous opposition was useless, since the economic situation had deteriorated to such an extent that intervention was inevitable. Having accepted government intervention in the industry, many then proceeded to forge ownership documents with the result that the government valuation of the amount of compensation due was extremely exaggerated. Spencer St. John observed:

"The negotiations between the Peruvian Government and the nitrate land proprietors was tainted with jobbery from the commencement, and prices in certificates were paid for nitrate factories far in excess of their real value .."

(F.O. 61/348, Spencer St. John to Currie, 12th November 1883)

The possibility of making large profits out of the government in this way must certainly have made the scheme more acceptable to many industrialists, especially those who owned the more primitive, labour intensive 'paradas' - who were mainly Peruvian. However this does not necessarily indicate positive approval of expropriation by the large, usually British, nitrate capitalists¹. Moreover, when,

1. Indeed there is ample evidence indicating that the 'estanco' was still unpopular. St. John reported the policy in the following critical terms: "duties were to be raised to .. so high a figure as to destroy all private enterprise .. They have already obtained the session of the majority of the works, and now intend by a crushing export duty to force the few private manufacturers to sell their property .." moreover the scheme would ".. half ruin the maritime province of Tarapaca and even the most favourable calculations show that no profit will accrue to government to make up for the great loss to the nation .."

(F.O. 177/149, Spencer St. John to the F.O., 20th May 1876)

in 1878, the Peruvian Government was unable to pay off the former 'salitreros', it acquired another group of enemies¹, some of whom were positively in favour of Chilean annexation of Tarapaca (Chairman of Peruvian Bondholders to Derby, 9th July and 11th December 1877, F.O. 61/323). There is consistent evidence too that British capital had long preferred to work under Chilean administration rather than Peruvian. In 1855, in a letter to the F.O., Seymour, Peacock & Co. commented on the "frequently disturbed state of the country", as a result of which, "great inconvenience, loss and occasional insult has been inflicted on British subjects at this port (Iquique).."
(F.O. 61/158, 15th January 1855). As earlier chapters have made clear, Peruvian political life during the mid 19th century could be best described as violently anarchic, especially when compared to the peaceful predictability of Chilean constitutionalism. In the 1860s

1. In addition to the Bondholders, whose resentment of the Peruvian Government's nitrate policy was frequently expressed. The issuance of the nitrate certificates was to complicate Peru's relationship with the Bondholders even further, since the government loans had been hypothecated on all Peruvian resources. Charles Russell wrote to the F.O. in 1877 that ".. the memorandum of the Peruvian Government admits that the Bondholders have a claim on the nitrate ..", consequently ".. it is not right of the Peruvian Government to deal with the Bondholder's property in the Nitrates on the plea that they are covered by the guano .. we ask nothing more than a continuance of those rights over nitrates which have been pledged us by the Peruvian Government"
(F.O. 61/323, 11th December 1877). And in 1878, in a letter to Salisbury, Russell's rival Croyle dwelt at length on the value of the nitrate deposits ".. yet its proceeds are being mortgaged for the construction of public works whilst the Bondholders are left without any provision whatsoever."

(F.O. 61/323, 18th September 1878)

Official confirmation of the claims of the Bondholders on Peruvian nitrate was given, when, at the end of 1879, in a letter to Pakenham in Chile on the subject of the Bondholders, Lord Salisbury wrote:

"the guano and nitrate of soda works now in the hands of Chileans in Peru have already been hypothecated to the Bondholders" (my emphasis)

(Salisbury to Pakenham, 12th December 1879, F.O. 61/317)

an employee of the merchant house Duncan Fox observed that there appeared to be "countless independent Peruvian armies which seemed to be on walking tours all over Peru". He noted that in comparison to Chile, Peru was far more 'exciting' (Short History of Duncan, Fox & Co. Ltd. - 1843-1956, n.d., p.39).

The factional conflict which bedevilled political life increased during the crisis years of the 1870s and this, together with the severe economic decline, made Peru an increasingly unattractive field of operations. Contemporary merchant houses report heavy losses, default on loans, and falling prices. Of course this was a feature of all Latin American economies in the 1870s, to a lesser or greater extent. What distinguished Peru from Chile was the severity of the crisis, and consequent increased political and military strife, due to the collapse of the major export product - guano - and the size of the Peruvian foreign debt. Some merchants, began to run down their Peruvian operations, and in 1876 the Gibbs manager of the Arequipa office, Hayne, wrote to London regarding the wholesaling business in Arequipa, which "... has now dwindled down to a most insignificant extent .." (Gibbs Ms.11,470/1, 2nd December 1876). The nitrate monopoly was one more factor in making Peru unpopular and unattractive to London¹. The author of 'The Times' editorial on the 30th May 1879, after the outbreak of Chilean/Peruvian hostilities, considered that all foreign interests should favour Chile in the war, since the quarrel

1. The commercial report from Arica, printed in Parliamentary Papers at the end of 1876, after the imposition of the 'estanco', clearly reports disturbance to commerce as a result of the new policy and a general dissatisfaction with the unsettled state of affairs in both Peru and Bolivia (P.P. LXXVI, Commercial Reports, Arica to Nugent, 31st December 1876)

was a mercantile one, and since Chile stood for free trade, whilst Peru represented restrictive and monopolistic practices and Greenhill writes of Chilean nitrate policy in 1880 in the following way:

"It rejected the Peruvian state monopoly .. officials wished to preserve Chile's international credit and her attraction to overseas investors which government intervention in a predominantly foreign owned enterprise would endanger"

(1977, p.253)

While Sir. E.J. Reed in a letter to the Foreign Office after the war, in 1886, noted that Chile, as "A friend to the liberty of commerce, an enemy to State monopolies .. began by restoring to the expropriated owners the (nitrate) beds and factories in exchange for bonds of the first issue." (F.O. 177/188, 22nd March 1886).

It is improbable, anyway, that the antagonism felt in 1873 would have completely disappeared two years later, unless the market had completely collapsed. In fact, sales and prices had fallen, but the industry could not be described as unprofitable in 1876, and indeed Greenhill demonstrates that opposition did still exist when he refers to iodine, produced as a by-product of nitrate manufacture, and an industry which involved the same capitalists, but which was not expropriated and remained in private hands, "as an attractive sideline for salitreros who resented official interference in the nitrate trade .." (1977, p.269). Moreover, 30% of the industry chose to remain private and to pay the extremely heavy export duty (fixed at 1.25 soles per quintal, or £4.18s 9d per ton in June 1876 - while nitrates in Bolivia remained quite free of tax). These 'salitreros' tended to be foreign, among them the large Folsch & Martin company,

and the Cia. Salitrera de Pisagua, whilst the smaller Peruvian concerns that had suffered badly from the recent slump in the industry, did tend to welcome the measure. In fact, a report on Industry made in 1878 declared that trade was suffering because of the 'estanco'. (St. John to Salisbury, 23rd May 1878, F.O. 61/306)

It would appear then that nitrate capitalists were harmed by the 'estanco'; Yepes corroborates this viewpoint and writes of the monopoly as conflicting with the interests of the big producers, many of whom were foreigners (1972, p.117). Support is lent to this position by contemporary press and consular reports which make it clear that resistance was offered. On the 3rd September 1874 'The Financier' wrote of the relatively light 1873 tax:

"It was believed that Congress would repeal the law relating to nitrate of soda, which is said to have very prejudicially affected the interests and projects of Tarapaca .."

(my emphasis)

On the 13th July 1876 U.S. Minister Gibbs' letter to the Secretary of State, Fish, reported that an extraordinary meeting of Congress had been called:

".. to force some of the owners of the nitrate of soda works in the South .. to come in under the expropriation decree .. These works are very important and very productive, the export from these in 1875 amounting to over 322,745 tons: .. the government argued that the immense exportation of nitrate interfered with the sales of guano .. (but) the export duty of 60 cents per 100lbs, as per decree referred to, did not stop the supply .. some 14 works, valued at 4,170,000 soles, had refused to enter into terms with the government .."(my emphasis)
(Foreign Relations of the United States (Peru), Gibbs to Fish)

But quite apart from the harm done to individual nitrate capitalists,

it is clear that the F.O. also disliked the scheme for two further reasons: partly because of British opposition to all government interference with trade, and also because it was felt that, like the 'oppressive guano monopoly', it would lead to higher prices and harm British agriculture. In a letter to the F.O. concerning nitrate the Board of Trade issued the following instructions:

"As Nitrate of Soda comes to this country almost exclusively from Peru, and was imported into the U.K. chiefly for agricultural purposes to the amount of nearly £1 million in 1871, and as any increase in the price following upon the establishment of a Government monopoly would be very disadvantageous to British farmers, I am, therefore, to request that you will suggest to Lord Granville whether it may not be expedient to instruct Mr. Jerningham to take an opportunity of mentioning to the Peruvian Government .. that as the price of Nitrate of Soda is now high in this country as an agricultural manure, any increase in its cost would check its consumption .."

(C. Valpy-F.O., B.T. 12/10/3.1369. 6th January 1873)

Opposition also came once more from within Peru, from the Pierolistas, who described the project as:

".. a useless, despotic act, destroying a large business and throwing out a great deal of capital that had accumulated at the nitrate fields; useless, because the fields of Bolivia were just as productive, and the act would be very beneficial to that country .. in answer it was said that the fields of Bolivia had been formed to one person, Mr. Meiggs, for a stipulated sum per annum, and that this government would have control over these fields, and that it was absolutely necessary for the Treasury to have full powers over all nitrate fields in Peru .."

(Foreign Relations of the United States, Gibbs to Fish, 13th July 1876)

The activities of Pierola and his supporters highlight the tension between Peru and Chile, which was accentuated by the monopoly, and which aggrieved British nitrate capitalists exploited. The effective application of the monopoly, through Meiggs, to much of the nitrates in Bolivia¹, tends to lend support to the view that Chile felt threatened by the 'estanco' and believed it to be ultimately aimed at the Antofagasta Nitrate Company too. It is evident, therefore, that Peruvian action would have the effect of pushing the British and Chilean 'salitreros' even closer together, especially as some of the Tarapaca capitalists reacted to Peruvian Government intervention by moving into Bolivian nitrates, where Chilean capital was dominant. In a letter from Charles Hall, a British capitalist operating in Bolivia, we find the following views:

"Owing to the position taken by the Peruvian Government as regards the export of nitrate, and the levying of heavy export duties, there is little doubt that at an early date capitalists will become acquainted with the large production of nitrate to be obtained from these deposits .. in view of the article being free of export duty in Bolivia .."
(F.O. 16/189, 1st May 1876)

Pierola, the principal opponent of Pardo and the Civilistas, had been allowed - even encouraged - to use Chile as his base throughout the mid 1870s and, according to Pike (1967, p.138), promised the Chilean capitalists advantageous concessions in the nitrate and other industries in return for their support for his revolutions. It would

1. Klein writes: "Peruvian capitalists with the aid of U.S. funds had attempted to counteract Chilean development of the Bolivian littoral" (1971, p.13)

appear that he was also able to enlist some British help in his numerous attempts to overthrow the government. On the 12th February 1875 'The Financier' noted, regarding the reaction to the 'estanco', that, "... the nitrate works belong to foreigners; .. hence the protection given by the people of that province (Tarapaca) to revolution under Pierola ..", and in October 1876 Consul Graham, in a letter to the F.O. giving details of the monopoly, also reported another Pierolista revolution:

"It is generally supposed here that this revolution has received material assistance from Chile and Bolivia, with an ulterior view to some benefit accruing to these countries with regard to the nitrate fields in the one case, and of obtaining a good seaport in the other .."

(F.O. 61/294, 13th October 1876)

In May 1877 Pierola, in one of his most spectacular attempts to defeat the government, captured the Peruvian ship 'Huascar', and, may even have received support from certain British capitalists. On the 12th July 1877 Rowe wrote to Huth that:

"The government has granted an amnesty to all engaged in the late revolution and the country is now quiet. The claim on the British Government on account of the 'Huascar' affair, has been referred to the Peruvian Minister in London, who will treat directly with the F.O. there on this subject."

(Ms. 10,703/2)

On the whole, the country was so torn by internal conflicts during these years that Pardo was compelled to return the government to military men, and, after violent elections, he was succeeded by the

more popular General Prado¹. But despite the restoration of military rule, only a few months before the Chilean declaration of war, Peru was again under attack from the South. In February 1879 Spencer St. John reported to the F.O. that:

"Pierola, the insurgent chief, left France for Chile early in January, and is expected in Valparaiso during the course of the present month. His movements are watched with some anxiety, as it is feared that the discontent in the South may encourage him to attempt a landing there. Some ships of war have been stationed in the Southern ports to intercept any expedition which may arrive from Chile .."

(F.O. 61/318)

Professor Kiernan, in an article on foreign involvement in the War of the Pacific (1955, p.16), put forward the view that originally only war with Bolivia might have been intended. I have tried to show that in fact the Peruvian province of Tarapaca had long been a focus of Chilean economic activity and thus formed part of Chilean annexationist ambitions; furthermore, especially after the 'estanco', it was supported in its expansionism by important elements of British capitalism, and aided by the internal conflicts within the Peruvian oligarchy. Further examples of anti-Peruvian activity in the South, during these years, may be cited. After the 1873 decree annexationist societies called 'carabineros' were formed, mainly by Chileans, in Antofagasta. In the late 1870s, after default on the foreign debt and

1. The Civilista administration had clearly been preoccupied above all else with the restoration of the financial basis of the coastal elite, and, despite the alliance with other socio-economic groups, this was partly attempted through the imposition of a regime of fiscal austerity on other sectors of society. This increased the generalised unrest and provoked charges of class politics and oligarchic rule (Chavarria, 1972, p.129)

failure to pay off the nitrate certificate holders, guano and nitrate bondholders made common cause against the Peruvian Government and lobbied H.M.G. to take up their case (W.J. Dennis, 1931, p.69). Nitrate certificate holders requested help in regaining their properties, and indeed many, after 1878, simply returned to operating them. Obviously this does not necessarily mean that the situation was now felt to be satisfactory, since there was always the possibility of the Peruvian Government re-imposing state ownership. In fact the certificate holders, together with the guano Bondholders, are said to have purchased warships and munitions from the USA for Chile, in anticipation of war (Bulnes, 1911-1919, II, p.107). Most effectively, they applied informal pressure on the Stock Exchange to prevent the Peruvian agent - Pividal - from obtaining a loan. The mishandling of the Bondholders had resulted in the application of the ultimate penalty - Peru had been cut off from the London money market, and since the entire economy had come to be predicated upon loans, collapse was not far off. Gibbs was well aware of this:

"Until the Government is fully convinced of the futility of its attempts to raise money in Europe we think our policy is to remain tranquil. .. When they have discovered what they cannot do they will probably come to us to see what we can do for them."

(Gibbs Ms.11,471/3, London-Valparaiso, 31st August 1877)

- a clear statement of the general superfluity of direct H.M.G. action in support of British capitalism abroad during this period; on the whole, the imperialism of free trade and the power of the London Money Market sufficed.

The tenor of Greenhill and Millers' (1973) study implies that

British capital was not alienated by the expropriation policy and did not therefore play any significant part in the outbreak of the War of the Pacific; their analysis centres on the role of Gibbs as nitrate consignees. They point to Gibbs' willing collaboration in the 'estanco' as proof that there was little opposition to the scheme. I have already demonstrated that this was not the case. With regard to Gibbs, in Greenhill and Millers' own words, the merchants ".. were anxious to maintain a place in the nitrate trade. Elsewhere in Peru the interests of the House were steadily declining .." as a result "the House's commitment to the business was high. Expensive plant had been erected and property acquired to a .. (great) extent .. Gibbs could not now depart quickly from the West Coast or transfer resources .." (1973, pp.119/120). A letter from Gibbs' Tarapaca branch to Head Office, written in the middle of 1875, makes it quite clear that despite the slump (which was in part due to fears of the coming expropriation) there was no thought of abandonment of the industry (Gibbs Ms.1104/9A, Tarapaca to London, 30th April 1875). In view of this, collaboration was the only sensible option. It does not imply happiness with the policy, (even though Gibbs obtained generous terms) especially since the house gave up the contract in 1878 to James Sawers & Co., after a difficult two years, having rejected government plans for the reorganisation of the trade.

By the end of 1878, Gibbs' position in Peruvian nitrates was therefore insecure, while as major shareholder in the Anglo-Chilean Antofagasta Company in Bolivia, it would naturally feel threatened by the Peruvian policy of monopoly and logically be in favour of Chilean annexationist ambitions. It is true, however, that at first Gibbs was pleased to

accept the consignment contract. It was to receive high interest on the advances it made to the banks, and generous commission. Greenhill has also asserted that Gibbs liked working with governments, because "competition was automatically eliminated" (Greenhill, 1977, p.184). In the event this was not the case, because of the operations of the Antofagasta Company and because the Peruvian Government had failed to expropriate all the nitrate works in Tarapaca. In December 1876 Graham Rowe wrote to Huth:

".. this vast project is being so grossly mismanaged between them (the banks) and the government, that unless energetic measures are speedily adopted to check the exports from free producers in Iquique, the expropriation scheme will prove a disastrous affair .."

(Ms.703/1-2, 27th December 1876)

and in fact the large profits hoped for were never realized. Moreover, according to W.M. Matthew, Gibbs, did not like working with Peruvian Governments, since they were ".. of proven unreliability and uncertain durability." (1972, p.168). The partnership ended with the attempt, through Pividal, to re-establish Peruvian credit by negotiating an agreement which would provide a solution to both the guano and nitrate problems. Since the previous two years had proved largely unsatisfactory, and since Gibbs was not interested in a joint nitrate-guano business, due to the poor quality of the remaining guano, the house relinquished its contract, in Spring 1878. During this period, the Peruvian Government on average received only 4d. a ton from nitrate sales. According to Greenhill and Miller's figures, from August 1876 to August 1877 1.95 million quintals were shipped, and were sold for £1.2 million; however, these exports produced a mere £34,000 after costs (1973, pp.124/5).

After March 1878 the Peruvian Government handed over to the Cia. Salitrera direct administration of the business. This may be seen as another example of government action designed to benefit the oligarchy rather than the 'nation', since the banks, (by now only the Providencia and the Nacional were involved) had proposed this step which they hoped would solve their by now desperate financial position. The Consignment contract was given to the Sawers House. However this arrangement was no more successful than the previous one, and Sawers collapsed after a while. The Peruvian Government then turned to Graham Rowe to act as consignees, who, however, due to Gibbs' continued involvement in the trade, and their greater experience and contracts, had little success. They were in turn succeeded by the Barings House, but, by mid 1879 war had broken out, and the 'estanco' was effectively finished.

The Peruvian nitrate monopoly could well be considered almost a complete failure. It did not save the Peruvian economy and oligarchy from the slump; it did not even enable the Peruvian Government to recommence interest payments on the foreign debt following default in January 1876. During 1876 Rowe's letters to Huth report strikes, bankruptcies, soaring inflation, political unrest and the abandonment of Peru by several major Peruvian capitalists. On the 27th January 1876 he wrote:

"We enclose invoice for the bar silver and regret the high cost, the price having risen fully 10% during the past fortnight owing to a positive panic having seized upon certain private persons, inducing them to get their capital out of the country at any cost."

(Ms.10703/1-2)

Fifteen months later the estanco had not improved the situation:

"The financial situation here continues very critical .. Strikes amongst the labouring classes are frequently occurring and prices of everything are rising in an alarming fashion, while .. manifestations of discontent are matters of daily occurrence and greatly aggravate a state of affairs which is not improved by a feeble and incapable government."

(Ms, 10.703/2, 12th July 1877)

However, this chronic financial situation was partly, as Rowe noted, artificial, being largely due to the world depression and to Peru's extreme dependence on loans. Presumably, if it had not been for the War of the Pacific, Peru would have eventually recovered when an upturn in the market occurred, with its commercial infrastructure relatively intact and indigenous ownership of many key industries maintained. But the nitrate monopoly not only failed to bring much immediate financial relief, it also antagonised important foreign interests. Furthermore, the commercial report from Arica, dated the 31st December 1876, discussed the situation in Peru and Bolivia, and the results of the 'estanco', in the following unfavourable way:

"At the beginning of the year trade wore a favourable aspect, and there was reason to hope for a prosperous year for all branches of commerce, but the disastrous state of the finances of the country, the alarm caused by the projects and decrees of the government attacking and usurping private interests in the nitrate districts, the rapid depreciation of the notes of the Lima banks with which the whole country was inundated, and political disturbances in many portions of the country, have brought on a result different to what was anticipated at the commencement of the year. .. Besides the monetary crisis, the disturbed political state of Bolivia, and the continual fluctuations in the price of silver, have added their share to reduce commercial opportunities in this

department... Exports have fallen off, whilst by the injudicious action of the government an unhealthy impulse was given to imports .. parties .. were not in a position to compete with the influx of goods brought into the market under more advantageous rates, and much distress and commercial embarrassment has been caused to houses of middle standing."

(Commercial Reports (Arica), P.P. LXXVI, 1876; my emphasis)

Moreover, as well as having exacerbated the slump in Peru, the monopoly scheme was misjudged, given Chile's heavy commitment to the nitrate industry and history of expansionist ambitions in the Atacama/Tarapaca area. As Rodriguez pointed out it was an inopportune moment for Peru to attempt the implementation of such a measure. The economic crisis had made the nitrate industry all the more important to the Chilean economy¹ - however, Chile's financial condition was better than Peru's, Chile had not alienated important European interests, was a cohesive state and had a strong army and navy. Peru, despite massive state expenditure on the army and navy did not even have the military superiority necessary:

".. para hacer respetar sus derechos en el exterior. En tales circunstancias, y teniendo por antecedentes el vivo deseo de Chile para conservar la libre y casi exclusiva explotacion de los nitratos de Tarapaca. ¿Convenia al Peru lanzarse en un camino en la cual corria todos los riesgos de una aventura financiera y aun los de serias complicaciones

1. However, Chilean historian Vicuna MacKenna expressed the feelings of the majority of contemporary Chileans in his view of the affair in terms of racial destiny; according to him the riches of Tarapaca ".. attracted to that Republic a human avalanche, an active, vigorous and intelligent race which was to be confronted with another, indolent, luxurious and demoralised from the climate and idleness.." (1880, p.32)

en sus relaciones exteriores?"

(Rodriguez, 1916, X, p.323)

Spencer St. John too attributed the war to the expropriation policy:

"Ever since President Pardo established the monopoly of nitrate of soda in Tarapaca, and thus irreparably injured Chilean influence in that province, the Government of Santiago has watched the opportunity of regaining influence .."
(29th April 1879, F.O. 61/318, St. John to F.O.)

He also estimated that up to 40,000 Chileans left Peru on the outbreak of war - a clear indication of the extent of Chilean involvement and interest in the Peruvian economy.

Peruvian nitrate policy, however, formed only one element in the complex web of events leading up to the disastrous war, which was to virtually destroy the Peruvian economy. I shall now examine Chilean and British involvement in Bolivian nitrates.

CHAPTER 9 : THE HISTORY OF CHILEAN-BOLIVIAN RELATIONS AND THE CAUSES
OF THE PACIFIC WAR

On the surface, the Pacific War would appear to have been simply the result of a disagreement over tariffs between Bolivia and Chile, into which Peru was drawn, owing to a defensive treaty with Bolivia. This 'secret' treaty, made in 1873, draws attention to the matter at the heart of the conflict; it was designed to prevent any attempt at annexation on the part of Chilean and/or other foreign interests in the Atacama Desert.

The origins of the war may be traced back to a longstanding boundary dispute between Chile and Bolivia. As already mentioned, boundary disputes between the new South American states were common throughout the 19th century, and all contained the germ of a conflict similar to the Peruvian/Chilean War. They arose because of the nature of elite politics in South America, fuelled by the existence of long and frequently unexplored frontiers, which had not been clearly established on Independence, and were almost invariably triggered off by the discovery of raw materials of interest to European or North American capitalism. Chile was actually involved in such a dispute with Argentina at the time of the outbreak of the Pacific War, and the origins of this latter quarrel also coincided with an important preliminary stage in Chile's expansion Northwards into Bolivia and Peru¹. Further similarities between the two disputes lie in the fact

1. Because of this, attempts were made in 1873 to attach Argentina to the Peruvian-Bolivian alliance against Chile, but as Argentinian-Chilean relations deteriorated even further as the decade wore on, the Peruvian Government decided that Argentinian adherence was too risky, and the negotiations were dropped. However, shortly before the war of the Pacific, the Chileans suffered a reversal in their attempt to expand into territory claimed by Argentina. Interestingly this set-back was seen by Lavalle as a factor in Chilean determination to go to war with Bolivia.
(Basadre, 1976, p.56)

that Chile's Southern policy was motivated by the discovery of guano in Patagonia and Tierra del Fuego, and by a determination to dominate the Straits of Magellan (G. Smith, 1969, p.49).

When the independent states of Bolivia and Chile were established, it was assumed that the old colonial limits that had demarcated the Audiencia of Charcas from that of Santiago would continue to serve: the limits were generally defined at either 26°20' South latitude, by the Rio Salado, or even as far as 27°20' South, on the river Copiapo. However, towards the end of the colonial era the settlement of a group of Chilean Indian fishermen at Paposo had effectively extended Chile's Northern frontier up to 25° latitude South (C.R. Markham, 1882, p.83). This boundary is confirmed by a number of contemporary sources, including Chile itself in decrees passed in 1822, 1823, 1828, 1832 and 1833.

J.B. Pentland, acting for H.M.G. as a scientific investigator, presented a review of Bolivia to the F.O. in 1831 in which he wrote:

".. a small part only of the Bolivian territory borders on the sea; where between the 21° and 25° of South latitude the desert province of Atacama forms the littoral of the Pacific Ocean."

However, he went on to highlight the factors that would later provide Chile with opportunities for expansion:

"It would be a difficult and useless task to endeavour to fix within any probable limits, the superficial extent of the Bolivian territory, owing to the imperfect data we possess respecting the true geographical position of its limits with the surrounding states."

(F.O. 61/20, 24th October 1831, J.B. Pentland to F.O.)

and as early as 1833, Wilson reported to Palmerston that Cobija (Atacama's port) was mainly populated, not by Bolivians, but by "Chileans, Buenos Ayreans, Americans and French .." (F.O. 61/23,

5th March 1833).

It was in the 1840s and 1850s that the South American republics, in general, were beginning to participate more actively in the world economy. This was partly due to internal factors, such as a degree of greater stability of political and social structures in some of the republics, but it was largely brought about by increased European, and in particular British, demand for raw materials. A major requirement of British capitalism at this time was the increased productivity of its agricultural sector, and, as a result, fertilizers were most valuable commodities. Peruvian re-incorporation into the European orbit thus took place through the extraction and exportation of guano. The bird dung became the most important fertilizer for British agriculture for several decades (Mathew, 1970 and 1972), and on the basis of this vital product the Peruvian economy became fixed in a monoproduktive, exporting role, a dependent appendage of British capitalism (Levin, 1960). Because of the splintered nature of these republics, which was compounded by the absence of even a potential domestic market, raw material exports, and sea communications, were indispensable for any economic development to take place¹. Chile's interest in, and later claims to, the Bolivian Atacama Desert were therefore, not surprisingly, prompted by the search for profitable exports, and in particular guano. As M.C. Shurtleff, writing in the

1. This was especially true of Peru and Bolivia, where, due to their elitist and racist social structures and general poverty, capitalism was always a mercantile, export phenomenon, generally uninterested in industrial enterprise. The extreme export-orientation which characterised the Peruvian economy was in turn a contributory factor in the failure to develop a cohesive, integrated state and internal market. (c.f. Gootenberg, 1982)

West Coast Leader in 1928, explained:

"Guano was discovered in the desert of Atacama in the early 1840s and in 1842 the President of Chile sent a commission to explore in that territory, whose findings he reported to the Chilean Congress, July 31st 1842, and that body enacted a law on October 31st, providing that "... all the guano deposits which existed in the province of Coquimbo, in the littoral of Atacama, and in the adjacent islands, are hereby declared national property." "

(13th November 1928).

This exploratory mission marked the beginning of Chile's expansion Northward, and the expedition surveyed the coast from 29°35' to 23°6' south latitude, therefore penetrating well into Bolivian territory (F.O. 61/95, Masterton to Bidwell, 25th November 1842). At the time however, the Bolivian upper classes were engaged in bitter internecine struggles (Klein, 1971, p.12), and therefore, apart from issuing a formal protest, the Bolivian government was unable to offer effective resistance. Moreover the Chilean minister to Bolivia subsequently adopted a conciliatory approach, comparing the desert to a river and claiming that it was a 'no man's land' that should be divided equally between the two countries (in Fifer, 1972, p.53). Then, in 1845, the Chilean Juan Lopez discovered the Mejillones guano beds and Chilean and foreign capitalists began to move in. The Atacama Desert was to become a boom region over which Bolivia would be unable, in future, to exercise its rightful sovereignty to the full.

Bolivia was in a difficult position from which to repulse these advances, partly because the coastal region was inaccessible and distant from the central zone of the country, the altiplano. Moreover, Bolivian internal politics were characterised by factional conflict which generated unrest to a degree that inhibited the

pursuance of capitalist enterprise on the scale demanded by the Atacama deposits. In W.J. Dennis' words:

"With this great treasure under the sands of her desert littoral, Bolivia remained indifferent, apparently more interested in the struggles of her 'barracks presidents' while the followers of President Bulnes in Chile, Manuel Montt and Jose Perez, encouraged the development of the industry."

(1931, p.36)

The Bolivian social formation contained the same problems as the Peruvian structure, but to a greater degree. Its creole leaders, on Independence, had envisaged it fulfilling the role of a buffer state, but in fact, for most the 19th century, it was merely a pawn in Peruvian/Chilean relations. Post-Independence history thus fulfilled many of Bolivar's fears with regard to the future of this isolated Andean republic. The creole elite, when planning its future in the 1820s had overlooked the dependence of Upper Peru on imperial communication links and administration, and, in particular, on the Peruvian port of Arica (Fifer, 1972, p.24). From the very beginning of the republican era, therefore, the 'Problem' of the Pacific' dominated the preoccupations of serious Bolivian statesmen, and the lack of a good seaport also effectively prevented Bolivian participation in the mid-19th century export boom. However, the solution to these problems of communications was linked to the creation of a viable state order, which would enforce some uniformity of language and culture and institutionalize political processes throughout the republic. After Independence the fragile unity of the upper classes, that had emerged in order to create the republic, shattered, and the country disintegrated into a multitude of warring

factions, and cultural and regional enclaves. Even more than in 19th century Peru, the state as a concept meant little or nothing to the Bolivian Indians (who formed the overwhelming majority of the population) (Klein, 1971, p.7), whilst the elite was divided by a variety of ideologies, separatist projects and personal ambitions. Consequently the Bolivian 'government', which had an extremely imperfect purchase on most of the 'altiplano', and was certainly unable to control its population in outlying areas, could do little to assert its legitimate rights over such an empty and distant part of the country as the Atacama Desert. Furthermore, frequent changes of president resulted in a totally inconsistent policy, an oscillation between blustering defiance and overgenerous capitulation, as pro-Chileans were followed by pro-Peruvians (H. Osborne, 1964, pp.50-58). The anarchic nature of Bolivian society at this time, and the inability of governments to establish harmonious relations with foreign powers, even deterred metropolitan capital; H.M.G., after some humiliating experiences had been undergone by British representatives, refused to establish a consulate there¹. However a British consulate was set up in Atacama,

1. After a long period without British representation in the Bolivian 'altiplano', Mr. Duffield wrote to the F.O. in 1872, indicating the fact that Bolivia was beginning to participate more fully in the world economy, and requesting the appointment of a British chargé d'affaires to Sucre:

"You would confer a great favour upon several merchants and others in the city if you could inform them that there was some probability of diplomatic relations being re-established between Great Britain and the Republic of Bolivia."

He went on to describe Bolivia as "... one of the richest countries in the world", suggesting that its unfortunate propensity for "miserable revolutions" might be curtailed by "... means of wars and railways ..." (Duffield to Lord Granville, F.O. 11/19, 15th August 1871). However, Duffield's imperialist fervour received a temporary set back in 1875 when, partly in response to his request, St. John visited Bolivia to consider the establishment of a British diplomatic mission there, but found the republic far too uncivilised, anarchic and impoverished to be worthy of a British Consulate. (St. John to the F.O., F.O. 61/294, 1st January, 1876)

indicating Chilean control of the area, and its importance to British capital. Since the region was dominated and claimed by Chile, and since Chile was a satisfactory collaborator, unofficial support was therefore lent this claim by the foreign capitalists in the area who preferred to work with Chile than Bolivia and who treated Atacama as a Chilean domain.

Bolivia was thus unable to compete with Chile in any sphere and militarily was totally inferior. This resulted in the gradual involvement of Peru in the dispute for various reasons. Peru was partly motivated by dislike and fear of Chilean aggrandisement, partly by its traditional linkages with Upper Peru (Bolivia), and partly because unless it clearly supported the Bolivian cause, Bolivian statesmen would ally with Chile, cede Atacama, and annex the Peruvian port of Arica. However, Chilean military superiority also meant that the Bolivian response to Chilean encroachments was initially cautious, and the dispute was at first pursued through the medium of petitions, examination of official papers and diplomatic representations, throughout all of which Bolivia continued to claim the 26th parallel as its frontier.

Negotiations continued in this form for 21 years, during which time Bolivia sent 5 separate diplomatic missions to Chile to prove ownership of the territory, without achieving any concrete result (Dennis, 1972, pp.40-45). Meanwhile, Chile continued to assert its power. In 1847 a Chilean expedition landed at Mejillones to work the guano, and later that year a warship from Chile stopped and released some workers who had been imprisoned by Bolivia (F.O. 16/119). The soldiers also built a small fort near Mejillones, over which they raised the Chilean flag. Apart from these provocative infringements of Bolivian sovereignty,

penetration of the region also proceeded in the form of increased commercial activity. However, Bolivia did not renounce its claims over the desert, and did manage to officially maintain nominal jurisdiction over the disputed territory for most of the time up until 1857, when the Chileans suddenly adopted a more aggressive policy. During the intervening period the dispute was in a state of deadlock. The most positive action that was taken was the occasional expulsion, by both countries, of guano shippers working under licenses from the rival governments, from the Mejillones area (Dennis, 1931, pp.33-36). However commercial activity mushroomed, an infrastructure was established (largely through British capital, and British and North American engineers) to facilitate the extraction of the raw materials, and urban facilities were expanded. The Atacama desert played a major part in the boom experienced by the Chilean economy from 1845 to 1860 (Blakemore, 1974, pp.6-8), and the area became integrated into its economy. North American railroad builders, employed by a Chilean company (Oppenheimer, 1982), constructed a line to Copiapo (in Chile) from the sea, and built up for it a new port at Caldera; this became a regular stop for Wheelwright's steamline. Gradually the influence of Chile and Britain extended Northward in the form of capital, entrepreneurship, trade with Antofagasta and Tarapaca, and a labour force. Diversification into other fields also took place ('El Caracolino' (Antofagasta) 16th June 1873). One important British concern, The Copiapo Mining Company, was not only involved in the exploitation of the rich mineral deposits that had been discovered in the Atacama, but was also engaged in stock and alfalfa raising, and in general commerce.

In 1857 a new stage in the Antofagasta question was reached when the

Chileans, taking advantage of the warfare in Bolivia between the factions of Jose M. Linares and Jorge Cordoba, took possession of Mejillones, and ordered all nitrate and guano operators to obtain Chilean licenses or face expropriation. Soldiers were landed in the province and a Chilean warship stationed off the coast (Burr, 1974, p.89). Bolivia immediately sent an envoy to Santiago and demanded withdrawal as a necessary precursor to discussion; Chile refused (F.O. 16/126). The matter dragged on until another Bolivian diplomat was accredited to discuss the issue, but the Chilean plenipotentiary refused to agree to neutral arbitration and suggested, instead, division of the territory. The question had become of national and international importance, and appeared so explosive that both Peru and the United States offered mediation. Peru continued to be motivated by fear of Chilean expansionism and by its own pretensions to a role as the West Coast policeman/arbitrator¹. In any case, according to Thomson, British representatives in Chile, "... it was rumoured that an agent was about to be dispatched on a secret mission to Peru with the view of persuading that government to support the claims of Bolivia to the sovereignty of the district of Mejillones". (F.O. 16/125, Thomson to F.O., 17th March 1863)² The United States,

1. 'El Peruano', 17th February 1864, reproduced the Peruvian offer of mediation which dwelt on the evils of war between South American republics, partly because of the opportunities it offered foreign imperialists. The effect of war was to: "... disminuir nuestras deficientes poblaciones .. alentar pretensiones de extrano que aprovecharian por soyuzgarnos de nuestras escisiones internacionales, y agostar todos los germenos de prosperidad .."
(extract of mediation note dated 4th February 1864)
2. However Thomson also reported that it was "not unlikely that (in the event of war) Chile would propose to Peru a joint action against Bolivia .." introducing a further possible dimension to the complex West Coast power relationships. (F.O. 16/126, 1st August 1863)

on the other hand, hoped to utilise the situation to expand its sphere of influence, while protecting the North American concessionary interests already granted by the Bolivian Government (Fifer, 1972, pp.54-55). Moreover, the Bolivians made an overt attempt to enlist North American help too, giving further concessions to United States citizens, and requesting official support. (F.O. 16/125, 16th June 1863, Thomson to F.O.). On the 5th July 1863, therefore, feeling that it had the backing of the United States and Peru, the Bolivian Legislative Assembly authorized the executive to declare war (F.O. 16/125, Thomson to F.O., 17th July 1863). However, in the event, the crisis was averted, partly because a new threat to the West Coast emerged with the Spanish seizure of the Peruvian Chincha Islands¹, and negotiations continued through diplomatic channels (F.O. 11/18).

The Spanish attempt to re-establish imperial power in South America forced the West Coast elites to temporarily resolve their disputes and unite to face this new danger. At about the same time a military coup in Bolivia brought General Mariano Melgarejo to power²; Melgarejo

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1. The war arose out of Spanish-Peruvian clash over the treatment of workers on a 'hacienda' at Talambo in 1863, and flared into war in 1864, when Admiral Pinzon occupied Peru's guano islands (F.O. 16/126). At first the Spanish appeared to have been victorious as they induced the Peruvian president, Pezet, in 1865, to accept a humiliating and costly treaty. However, this was overturned by a popular revolution against Pezet led by Prado from Arequipa, ('El Comercio', 7th March 1865). Prado then went on, in alliance with Bolivia and Chile, to defeat the Spanish. Despite final victory, the war was most expensive and contributed to Peru's deteriorating economic situation.
 2. Melgarejo is described by Osborne as a "grotesque tyrant and habitual drunkard" (1964, p.98), and by Klein as a "caudillo who was not above selling vast amounts of national territory to foreign powers for personal profit" (1971, p.13) .

was pro-Chilean and very much under the influence of the Chilean Minister to Bolivia - Aniceto Vergara Albano. Their close relationship, together with the anti-Spanish collaboration, resulted in an entangling alliance of fatal consequence for the Bolivian and Peruvian elites. The Treaty of Limits, concluded in August 1866, recognized the 24th parallel as the boundary between Chile and Bolivia; furthermore, the guano from the Mejillones beds situated North of parallel 24°, along with minerals extracted from the zone between parallels 23° and 25°, were to pass through what amounted to a joint customs office, and the two countries were to share the income from the export tariffs collected there (F.O. 16/141). The treaty of 1866 therefore effectively divided the sovereignty of the Atacama Desert between Chile and Bolivia, and was thus clearly to the disadvantage of the latter country, especially as more riches, in the form of abundant nitrate beds, were discovered in the very same year - and conceded by Bolivia to Chilean business interests. A further reason for acceptance by Bolivia of these unfavourable arrangements is contained in the later writings of Melgarejo's chancellor, Munoz, who was also strongly pro-Chilean. Munoz explained the willingness to hand over Bolivia's coastal region in the following way:

".. bajo la formal promesa de que Chile apoyaria al Bolivia de modo mas eficaz para la ocupacion armada del litoral peruano hasta el Morro de Jalta .. en razon de que la unica salida natural que Boliva tenia al Pacifico era el puerto de Arica .."

(in Basadre, 1976, p.12)

This was not the first time that such a proposal had been put forward. During the earlier struggle in the 1830s with the Peruvian-Bolivian Confederation, Argentina had also become involved, hoping to annex

the Bolivian province of Tarija. In return it was proposed by Chile and Argentina that Bolivia might be compensated with the coastal part of the Peruvian province of Arequipa, in which Arica was situated. The idea of appropriating the Bolivian, and part of the Peruvian, coastline, while compensating the former power with Peruvian territory, had remained a consistent objective for Chilean statesmen, whilst knowledge of such schemes continued to provide a strong motivation for Peruvian involvement in Bolivian/Chilean quarrels. This factor highlights the aspect examined earlier, central to a consideration of the War of the Pacific - namely the chronic power struggle between the Peruvian and Chilean elites which had dominated West Coast politics ever since both states had achieved independence. Although Professor Kiernan, in his examination of the war, generally rejects the charges of British involvement in the quarrel, and points out that:

".. anyone who may possibly have encouraged Chile at the outset may have intended no more than a war with Bolivia alone ..",

(1955, p.16)

in fact, the history of relations between Peru and Chile clearly indicates that Peru was always the intended victim of the conflict. As was observed in a despatch to the F.O. on the 24th April 1879, it was clear that Chile had always intended to wage war on Peru "since the hostilities with Bolivia, a country not possessing a navy, does not call for the necessity of maintaining a fleet and army in Antofagasta, nor for the erection of harbour fortifications .." (St. John to F.O., F.O. 61/318). Not only was Chile, by 1874, fully aware of the 'Secret' Treaty concluded between Peru and Bolivia in Lima on the 6th February 1873, which would involve Peru in any Chilean-Bolivian conflict, but it also continued in its attempts to

befriend Bolivia and isolate Peru, whilst sheltering disaffected Peruvian revolutionaries. In August 1875, in a secret letter to the F.O., British Minister Spenser St. John discussed the negotiations that were then underway between Brazil and Chile:

".... Brazil intends to take possession of Montevideo and in order to lessen the opposition likely to be offered by Buenos Ayres, Brazil has agreed to sign a Treaty with Chile, not only guaranteeing her Patagonia but also the maritime province of Bolivia. To prevent Bolivia offering obstacles, it is proposed that it should be compensated at the expense of Peru, and that it should receive the province of Moquegua. It has not been settled which republic is to obtain the valuable province of Tarapaca, but Chile is well known to covet it."

(F.O. 177/149, 26th August 1875, St. John to F.O.)

The war against Spain, however, had, as with Bolivian-Chilean relations, also brought about a temporary relaxation of the hostility between Chile and Peru; but, during the war, the naval imbalance between the two countries increased, while the importance of naval power had been clearly demonstrated¹. Chile had been prevented by British neutrality laws from receiving delivery of two modern corvettes it had ordered, while Peru had obtained two very powerful ironclads before the outbreak of the war. After the defeat of Spain, relations between Peru and Chile (as well as between Chile and Bolivia) quickly deteriorated again, and the struggle for naval supremacy intensified ('La Prensa', 4th October 1872). The tension

1. Long before the war with Spain, however, the Chileans and Peruvians had carefully observed each others' navies, and Chile had linked the West Coast balance of power with both naval power and guano and salitre.

was further exacerbated during this period by an increase in Chilean activity, both political and economic, in the Atacama Desert. Such activity not only posed a military threat to Peruvian Southern borderlands, and represented a challenge to the West Coast balance of power, but also involved competition with, and even encroachment on, Peruvian industry in Tarapaca. It was the Bolivian Atacama Desert, however, that provided the principal arena for this intra-oligarchic struggle.

In the 1840s and 1850s the lack of population on, and the great distance from Lima of, the Peruvian Lobos Islands were cited as reasons for a British take-over of Peruvian guano reserves (F.O. 61/136 and F.O. 61/137). In the same way, the isolation of Atacama from the main body of Bolivian territory, together with its emptiness, were utilised and produced as justification of Chilean expansion into the desert. As has already been mentioned, Chile's first economic activities centred on exploitation of the Mejillones guano beds. This interest was quickly expanded by mineral discoveries, and copper mines began to be worked. The infrastructure that was built up and the industrial activity that developed in the 1850s and 1860s on the basis of these products has already been touched upon in chapter 6. It is important to note that this economic activity further served to blur the boundary limits, as operators' interests stretched across frontiers and communication links between the three countries were strengthened. Just as jurisdiction over the desert was shared between Bolivia, Chile and Peru, so too the entire regional economy, from the North of Chile to the Southern states of Peru, became a mosaic of Chilean, Peruvian and British interests, while legal ownership rights remained in dispute. Although by the mid 19th century about one third of Bolivian international

commerce passed through Atacama's main port, Cobija. - Bolivia's only (barely) serviceable outlet on the coast - Bolivia never participated in the economic boom others enjoyed in the desert, even in the 1860s and 1870s (Fifer, 1972, p.58). The main centres of Bolivian life were several days journey by mule from its coastline, and this fact, together with a severe lack of capital and the continued preoccupation of the Bolivian elite with political infighting, left foreign interests to thoroughly exploit the riches of the littoral. According to Klein (1971, p.4), over 90% of communication between Cobija and the interior population of Bolivia was controlled by foreign nationals.

Interest in the Atacama Desert increased even more when, in the early 1860s, more guano and nitrate deposits were discovered¹. These rich finds occurred at a crucial stage in the hostilities between Bolivia and Chile, and strengthened the latter's determination to make no concessions. According to Thomson's despatch to the F.O. early in 1863, the deposits were extremely abundant:

"A rough survey of the deposits has been made, and it is supposed that at least two million tons exist in them ... The quality of the guano is said to be superior to that of Paquica which is quoted in the latest Liverpool price at £7.10 to £8 per ton; and if it be true that two millions of tons exist, the value of the whole may be safely estimated at sixteen millions sterling"

(17th March 1863, F.O. 16/125)

1. In October 1860, D. Forbes wrote to the F.O. that:

"The newly discovered deposits of nitrate of soda near Tocopilla are now in full working activity. The quality of the nitrate of soda is stated to be excellent and it contains considerable iodine of sodium .."

(20th October 1860, F.O. 11/17)

Then, in the mid 1860s, more rich nitrate deposits were found in the region. Castro y Luna Victoria wrote that:

"Ingentes capitales extranjeras salieron aquel ano (1865) de los mas acaudalados bancos no solo para explotar el nuevo mineral descubierto en Caracoles, sino para establecer nuevas industrias"

(1884, p.10)

This discovery occurred at a time when the importance of guano to British and European agriculture was beginning to diminish, as it was realised that different fertilizers were needed for different crops (Matthew, 1970, p.116); consequently the nitrate industry had begun to boom. On the 20th May 1875 the Peruvian newspaper 'El Comercio' reported that "... nitrate has slowly been invading the field hitherto reserved to guano. It continues this invasion daily". Chilean capitalists had long been involved in Peruvian nitrate in Tarapaca, and Chilean labourers made up a major part of the industry's workforce - after the expropriation of the 1870s there was estimated to be over 10,000 Chilean workers in Tarapaca (F.O. 61/259, no.79). The first Chilean nitrate operation in Bolivia was set up in 1866 when Jose Santos Ossa and Francisco Puelma were granted a concession by the Bolivian Government to extract borax and nitrates from their discovery at Carmen Alto. This enterprise, the Compania Explotadora del Desierto de Atacama, was at first run only on a small scale; however, it soon expanded into the major nitrate works in Bolivia, and indeed became one of the principal firms in the whole region. The original concession was improved in 1868 when, in line with his pro-Chilean sentiments, Melgarejo granted the company freedom from duties for fifteen years, permission to construct a road to Antofagasta on the coast, and rights to a 'league of land' on either

side of the road (Kinsbruner, 1973, p.103). In order to realise the advantages offered by this exclusive privilege, the company looked around for more investment and succeeded in attracting the capital of the Anglo-Chilean businessman, Augustin Edwards. Edwards in turn brought in the British merchant house, Gibbs Brothers, which, as has already been mentioned, had substantial interests in Tarapaca nitrate. The new expanded company called itself the Sociedad Explotadora del Desierto de Antofagasta, later changing its name to Melbourne, Clark & Co., and, finally, in 1872, the Antofagasta Nitrate Company. (I shall use the latter name when referring to it.) Interestingly, one of the reasons for the expansion of the Company was the adverse reaction from British and Chilean capital to the Peruvian 'Estanco' law. When the monopoly was first proposed the F.O. reported the hostility which it had aroused and commented:

".. there is a great deal of (nitrate) in Bolivia, and I believe a very strong company has been got up or is in the course of formation, to work it, consequently they may compete and perhaps be able to undersell the Peruvians, should the proposed Government monopoly be carried out.."

(F.O. 61/272, Jerringham to Granville, 28th November 1872)

In its new enlarged form, the company quickly expanded its operations, using the most modern machinery. By the early 1870s, with the discovery of several more important mines and their incorporation into the Carmen Alto works, Chilean nitrate capital was producing a little less than Peruvian capital and more than English and German capital combined. Moreover, the prosperity of the area (F.O. 16/189, 1st May 1876), and of the Antofagasta Nitrate Company in particular, had begun to attract, in increasing numbers, investment from leading members of the Chilean oligarchy, including many top

government officials (J.R. Brown, 1963, p.384). The importance of the desert was enhanced even more, as nitrate prices continued to rise, and as the immense wealth of the Caracoles silver mines became apparent¹. The mines were discovered in 1870 in the Bolivian littoral by Jose Diaz Gana, and Chilean exploitation of them quickly commenced (Cox, 1963, p.323). These silver mines, even more than the nitrate works, brought a great influx of Chilean workers and resulted in a large Chilean settlement and the building up of the port of Antofagasta; as a result, according to contemporary observer Guillermo Grell, they were a major cause of the war². According to Grell, Chileans, in partnership with some English capitalists "... se apoderaron casi por completo .. del nuevo pais..." to such an extent that "los mismos materiales de las casas de las nuevas poblaciones procedian en buena parte de Valparaiso; hasta la iglesia de La Placilla, en el centro del distrito minero de Caracoles, se debe a la iniciativa y celo de la esposa de un consul chileno", (in Basadre, 1976, p.64).

The increase in Chilean activity in the littoral had not gone unnoticed by observers in Bolivia, some of whom, by 1872, were seriously alarmed. The United States Minister in La Paz, L. Markbreit, wrote to the State Department:

"Since the conclusion of this Treaty (1866) it has been found that the guano deposits at Mejillones are of considerable value, and about two years ago the wonderfully rich silver

1. The entire desert area was extremely rich in many minerals, offering far more business opportunities than did Chilean territory (November 1876, F.O. 16/189).
2. Penaloza confirms this view, considering that their discovery brought the tension in the area to a head, since they were, from 1870 to 1880, the most prolific silver mines in the world. (1946, Vol.II, pp.124-5)

mines of Caracoles were discovered by a Chilean, Diaz Gana. It is now feared by the Bolivian Government that Chile may attempt to possess herself of these mines, as of the guano deposits of Mejillones. It is claimed that Chile is greedily awaiting for some excuse, however trivial, to take this course. I have had several unofficial conversations with the President and the Minister of Foreign Affairs upon this subject and have found that their only hope seems to be, should such an emergency arise, to secure the intervention of the United States. Of course I have been careful not to commit our government nor myself.

The guano deposits at Mejillones are variously estimated at between four and ten million tons, while the mines of Caracoles are said to contain immense riches. The capital invested in the latter place, chiefly by Chileans, amounts at the present time to about \$14,000,000. The population consists of about 5,000 souls; while two years ago all that region did not contain a solitary inhabitant. A commission is now in session in ... (La Paz) which has before it twenty-eight propositions made to the Bolivian Government for the construction of a railway from the coast to the mines

This morning a battalion of infantry left this city for Caracoles, with the avowed purpose of maintaining order among the miners, but the real object evidently is to be prepared to meet any hostile movement on the part of Chile"

(Foreign Relations of the United States, 1872, p.64; my emphasis)

The overthrow of pro-Chilean dictator Melgarejo had resulted in a changed attitude in Bolivia towards its coastal province and Chilean activity there. Bolivian statesmen therefore made a positive claim of their country's rights over the Caracoles mines. In response, Chile asserted that the dividing line established by the 1866 Treaty of Limits ran North of the silver mining centre, and that the mines were

therefore within Chilean territory. Friction also arose over the precise definition of the nature of the by-products of nitrate - sulphur, borax, iodine - since it depended on whether they were minerals or metals whether or not they came under the treaty's joint-benefits provision (Dennis, 1931, pp.52-53). As the apprehension of certain Bolivian statesmen increased, they began to moot the idea of a Bolivia-Peru-Argentina alliance. Aware of the increasingly anti-Chilean attitudes within the Bolivian Government, the Chilean state was again able to exploit the intra-elite conflict endemic amongst its neighbours; unofficial assistance was given to an expedition, fitted out in Valparaiso and led by the pro-Chilean Bolivian Generals Quevedo and Munoz, to overthrow the Bolivian government. The expedition failed, but, as a result of a violent protest to the Chilean Government, the Bolivian envoy in Santiago, Bustillo, was asked to leave. Peru, too, was seriously alarmed by this demonstration of Chilean determination to dominate Atacama, and, in protest, held a naval demonstration off Mejillones, and sent an official note to the Chilean Government, making it clear that the Peruvians would intervene if Bolivian territory was invaded¹. Peru, by this time, was motivated not just by the desire to maintain the West Coast balance of power, but also by the need to curb, and, hopefully, eventually eliminate, the competition that Chilean nitrates in Antofagasta offered to Peruvian nitrates and which therefore threatened the Peruvian economy and capitalist class. This need became, of course, an ever stronger motivation with the establishment of the Peruvian monopoly, the

1. This action highlights once again the fact that the Chilean Government must have been well aware that its moves against Bolivia in 1879, would involve Peru too.

'estanco', which, if it were to be successful, required Bolivian co-operation and control over the nitrate industry. Meanwhile, Chilean awareness of the imperatives of the Peruvian nitrate policy increased its antagonism and fear of Peru ('La Patria', (Valparaiso) 23rd November 1872) and pushed Chile ever closer towards a pre-emptive strike.

Heavy pressure to act decisively and aggressively was also exerted on Chilean governments by commercial interests in the nitrate districts. It was pointed out the extent to which the great prosperity of the area was almost entirely due to Chilean efforts. In June 1873 'EL Caracolino', (Antofagasta), in reaction to the tense state of Bolivian-Chilean-Peruvian relations wrote:

" Que va a ser de los chilenos en Bolivia si estalla la guerra por consecuencia de la poca habilidad de las dos republicas? La costa de Bolivia y el asiento de Caracoles son un centro industrial cuya poblacion no tiene menos de 16,000 chilenos, y cuyo comercio y mineria no representan menos de S/.20,000,000 de pesos. Colocados en el desierto, estos chilenos han fundado ciudades, han hecho puertos, han iniciado el comercio, han laborado mas de 5,000 minas, han hecho caminos, han dado vida y movimiento a estas soledades. Las cartas particulares nos aseguran que el Gobierno no vacilaria en echarse sobre este territorio si ya poseyera los buques que ha mandado construir"

The Chilean take-over therefore, was to await the arrival of naval reinforcements. This article is especially interesting in the light of Mayo's remarks (1980), discussed below.

Due to Bolivian weakness in comparison with Chile, Bolivia's attempt to modify the Treaty of Limits took the form of diplomatic discussions. As a result of these talks, on the 5th December 1872, a new arrangement

was concluded, known as the Lindsay-Corral Agreement. This agreement, while it modified some of the contentious areas of the 1866 Treaty, was again extremely favourable to Chile. It maintained the joint-benefits system and kept the Chilean-Bolivian boundary at South Latitude 24° (F.O. 16/178 and F.O. 16/202). As a result the Peruvian Government advised Bolivia to reject it, and since President Ballivan was also fully aware of the dangers inherent in the situation the agreement was shelved. Instead, on the 6th February 1873, a 'secret' offensive and defensive Treaty against Chile was entered into by Bolivia and Peru. In fact this Treaty, far from being secret, became known almost immediately to the British diplomats, and subsequently to the Chilean government (F.O. 61/318, 22nd April 1873).

Once more it is clear that Bolivia was largely a pawn in Peruvian-Chilean rivalry, since Peru was motivated by fear of, and hostility to, Chile. Peru also hoped that Argentina would shortly join the alliance, and quickly began attempts, in the form of the Irigoyen mission, to persuade it of the advisability of also adhering to the treaty. The crucial failure to achieve this, combined with the vulnerability of Bolivia, meant that the treaty actually increased the dangers to Peru, given the intense Peruvian-Chilean competition over nitrates¹; indeed it was used by Chile as justification for its

1. And also the growing deterioration in Peruvian-Chilean relations. On the 26th September 1876 the report submitted by the Chilean Minister for Foreign Affairs to the National Congress in Santiago reported on the "... conditions of Chilean subjects in Peru, and to the many reported cases in which the laws have been violated to the greivous injury of Chilean subjects and the minister remarks that "... when the Government see .. hurtful acts to which the political authorities of that republic are not alien, occur with notable frequency against honest and hard working subjects of Chile, they would be wanting in their duty if they remained indifferent to such acts, which, when repeated, give ground for belief in, or are indicative of, a systematic hostility towards the Nationality, with the defence of which they are entrusted." (F.O. 16/189, Drummond Hay to Derby, 26th September 1876).

declaration of war on Peru. On the 12th April 1879 the Chilean Minister for Foreign Affairs, Alejandro Fierro, issued a war circular which contained the following passage:

"The Treaty of 1873 owed its origin - hidden as a shameful act - to the measures adopted by Peru at that epoch, to justify one of the most audacious and cruel exploitations witnessed by countries submitted to a regime of common respect toward the industry of all nations.

Peru desired to monopolise and appropriate the nitrate works; and in order to sustain its daily diminishing credit, adopted the supreme measure of ruining an industry to satisfy the fiscal voracity that could not satisfy itself with the ordinary resources of a country that has lived, thanks to its territorial wealth, in complete obliviousness of economy and labour.

It is evident that Peru sought in the Treaty of 1873 to protect the financial measures it meditated against an industry that in any commonly scrupulous country would have had the right to develop itself freely. What it desired was to strengthen the nitrate monopoly without considering the sums invested in that industry; the Peruvian-Bolivian convention was for Peru the cold calculation of a trader The monopolising interest of (Peru) and the international illfaith of Bolivia, find their faithful expression in that document." (my emphasis)

(in Foreign Relations of the United States (Bolivia), 1879, pp.168-172)

By the beginning of 1874 Chile was, therefore, already aware of the 'secret' Treaty, and as a result President Erazuriz requested prompt delivery of the new Chilean ironclads that were then under construction in Britain (Bulnes, 1911-1919, Vol.1, p.86). This increase in Chilean military strength, together with the failure of Argentina to join the alliance, led Peru to advise Bolivia to adopt a more conciliatory approach and enter into further negotiations with Chile. Therefore in 1874 Bolivia finally gave in to the Chilean Ministers',

Walker Martinez, demands, and the Treaty of Sucre was concluded between the two countries. Superficially this new agreement appeared to represent a partial advance for the Bolivian cause, since Chile surrendered all claims and rights North of parallel 24°. However, this concession was to be made in return for confirmation and even an extension of the privileges of the Antofagasta Nitrate Company, demonstrating the extreme importance of this company to the Chilean national economy and elite¹. A memo to Gibbs from the British manager of the Company, Hicks, summarised the advantages embodied in the Treaty's provisions (26th March 1874, Gibbs MS. 11128). The company was to be able to use, free of charge, any lands it required, and it could build a railway to Salinas together with any necessary branches, whilst also being granted use of the Bolivian Government railway. Its rights were to be extended to five square leagues at Salar del Carmen and fifty square miles at Salinas, and to all the nitrate to be found in this area. Most important of all, no export duties were to be imposed on the company's exports from Antofagasta, and all imports of goods, machinery, tools and other necessaries were also to be untaxed. These provisions transformed the company's 'fief' into a freetrade zone, which would generate no feedbacks into the Bolivian economy, represented a dangerous threat to Bolivian sovereignty² and was enshrined in an international Treaty.

1. It was generally held that the Treaty was extremely favourable to Chilean interests and detrimental to Bolivian and it was consequently predicted that it would not be ratified (Rumbold to F.O., 15th September 1874, F.O. 16/181)
2. Subsequently, Bolivian leaders were increasingly hostile to, and wary of, Chile, which in turn provoked further Chilean interference in Bolivian domestic policies and increased Bolivian antagonism. A secret memorandum to the F.O. reported:

"As General Frias, the President of Bolivia is looked upon as friendly to Peru it is reported that Chile is the supporter of any movement destined to weaken his hold on the country."
(St. John to F.O., 26th August 1875, F.O. 177/149)

As the decade wore on and the depression that had begun in 1873 deepened, the importance of nitrates to both Peru and Chile had increased. By the mid-1870s the Peruvian monopoly in Tarapaca was virtually complete, but was threatened mainly by two large competitors. One of these was a field in the Bolivian littoral, Tocopilla, which in 1876 Bolivia leased to John Meiggs, who, in turn, transferred it to the Peruvian Government. The only remaining major rival was represented by Chilean and British capital in the Antofagasta Nitrate Company, which was continually expanding its operations and which, since it was untaxed, was consistently able to undercut Peruvian nitrate prices. Just as this company therefore threatened the entire viability of the Peruvian 'estanco', similarly Chile felt threatened by the necessity of Peruvian nitrates to establish a complete monopoly, especially since, as J.R. Brown (1963, p.384) has pointed out, the industries of Atacama had come to represent the only hope for Chile of averting economic stagnation and bankruptcy¹. As a result of this, following the Treaty of Sucre, the company had expanded and the interests involved had changed. Mayo (1980, p.5) has shown that since 1872 the capital represented by the company had doubled, and stock had been sold to leading Chileans, including

1. On the 9th October 1878, the Commander in Chief of the British fleet stationed off the West Coast, apparently anticipating trouble, wrote:

"In Chile everything is quiet but financial affairs are very unsatisfactory. I am informed that they have had recourse to the kind of expedient of nations verging upon insolvency, viz: the issue of inconvertible paper money, and that they are contemplating a loan to pay off other loans."
(F.O. 61/309, 9th October, 1878)

However, the Peruvian economic situation was in a far worse condition.

prominent statesmen. Amongst the names of the shareholders we find Sotomayer, Mackenna, Errazuriz, Urmenete, and Pinto, and at the end of 1878 these men were joined by future president Domingo Santa Maria and the incumbent Minister for Foreign Affairs, Alejandro Fierro. The other major shareholders continued to be Edwards and Gibbs. On the basis of the increased amount of investment in the company, and the extraordinary privileges granted to it in the Treaty of Sucre, a railroad had been constructed, rock-crushing equipment installed, and a distilling plant for water established. With so much at stake, Chile and the company was alert for any action from Peru or Bolivia that might threaten the Atacama industries.

Bolivia had much cause to be provoked into action. Not only had Chile in practice, if not on paper, completely usurped its sovereignty over its coastal province, but also the Antofagasta Nitrate Company represented a potential lucrative form of income for the bankrupt Bolivian Government. Furthermore the irascible Bolivian dictator, Hilarión Daza, was extremely anti-Chilean and anti-British, and deeply resented the foreign control of Atacama, exemplified by the Chilean monopoly of all municipal offices in Antofagasta. Foreign observers frequently assumed that Atacama was in fact Chilean. In November 1876 the British consul in Chile, Drummond Hay, wrote to Derby concerning the quantity of minerals in the area:

"In the province of Atacama there were in 1875, 199 mines of silver and lead and one of copper, silver and gold the number of silver mines worked in other parts of Chile may be estimated at from eight to ten." (my emphasis)

(F.O. 16/189, Hay to F.O., 28th November 1876)

The situation naturally led to frequent disputes, and at the beginning of 1877, the F.O. documents reported that a revolution had occurred in

Bolivia, causing serious trouble at Caracoles. British Minister to Peru, Graham, wrote to the F.O. that:

"These mines are principally worked by Chilean labourers who are also largely employed in the nitrate fields, and between whom and the Bolivians much jealousy prevails"

(F.O. 177/149, 18th January 1877)

It would appear, however, that the Chileans wished to provoke the situation by enflaming even further Bolivian feelings:

".. some short time ago, owing to a serious riot having occurred, the Chilean Vice-Consul at Caracoles addressed a despatch to the Bolivian Local Authorities which was couched in such strong and even in such offensive terms, that President Daza revoked his exequatur. This proceeding has led to an energetic protest and remonstrance, and the despatch of a frigate on the part of the Chilean Government Chile has long been suspect of casting a covetous eye on that wealthy part of the Bolivian Republic."

(F.O. 177/149, 18th January 1877)

Certainly Hicks¹ seemed to hope that the Bolivians would provide a justification for Chilean action, and in July 1878 expressed a wish that Chile would 'deliver the Pacific Coast from this plague of Bolivians' (in Mayo, 1980, p.7).

The Bolivian Government, even more than the Peruvian, was a most unsatisfactory, and unpredictable collaborator from the point of view of metropolitan capital², and in 1876 worries were expressed

1. Member of Gibbs' firm and manager at Antofagasta.

2. British capital was involved in more enterprises in the area than just the Antofagasta Nitrate Company. In 1873 a request was made by a Dr. Neile to be appointed as a Vice Consul at Mejillones because,

"During the last two years so much business has been done in the exportation of metals and guano from here, necessitating as it does the presence of a considerable population of English subjects requiring protection."

(F.O. 11/22, 31st May 1873)

This request was granted.

with regard to the "... disturbed political state of Bolivia" (P.P., LXXVI, Commercial Report (Arica), 31st December 1876). Ever watchful for any Bolivian misdemeanours, Hicks reported at the beginning of 1878 that the Government was discussing the possibility of putting a tax on nitrate exports, and wrote that he 'feared some barbarity from these people ..' (Mayo, 1980, p.7). In fact Hick's views of the Bolivian character perfectly exemplify the racist attitudes held by the British with regard to the South Americans, and found their counterpart in London in papers such as the 'Man of the World', for whom 'these people' with the exception of the Chileans, were ignorant half-breeds. Such attitudes played a not insignificant part in determining the policies of the British Government and the decisions taken by institutions such as the London Stock Exchange.

In March 1878 Hicks announced to Head Office that the project to tax nitrate exports had been passed by the Bolivian Congress; immediately the shareholders of the company began to use its influence to enlist government support and ensure an aggressive Chilean response. As Gibbs remarked,

".. we have several very influential Chileans amongst our shareholders and should the government not carry out the promise made to take immediate action in the matter, strong pressure will be brought to bear on them in Congress .."

(W. Gibbs - A. Gibbs, 26th March 1878, MS 11470/2)

in the event, the crisis blew over, but in December 1878 the Bolivian Government finally decided to definitely impose the tax, and this was done in January 1879. The company took immediate action; since it was clear that there was a section of the Chilean elite that was not in

favour of involving itself so closely with its affairs¹. In order to defeat this point of view one of the company's directors proposed:

"spending some money in engaging writers in some newspapers to publish articles of a patriotic nature, viz: on our side of the question, and this was agreed so that we may now expect the immediate appearance of a series of such articles in a Santiago paper and a Valparaiso paper ..."

(my emphasis) (quoted in Mayo, 1980, p.0)

This campaign was successful, and despite Gibbs' anxiety at the caution initially displayed by the Chilean Government (W. Gibbs to A. Gibbs, Valparaiso, 14th January 1879, MS 11470/3), their doubts were unjustified, and shortly afterwards on the 14th February 1879 Chilean troops landed at Antofagasta. The official cause of war was therefore the infringement of the Nitrate Companies' privileges, thus providing an excellent example of the ability of foreign capital to determine national policy.

In an article written to refute the charges of British culpability in the war, John Mayo attempts to demonstrate that Chile was not the aggressor:

"... it seems clear that Chile did not make the war. The depression of the second half of the 1870s was not a period of war scares in Chile, unless with Argentina, and the arrival of two powerful ironclads was more a reminder of the prosperity of the first half of the decade, when they were

1. Demonstrating that there were, of course, divisions among the Chilean elite too. However, the strength of the central state, and the influence exercised over it by British and Chilean nitrate capital, overcame these differences. The Chilean Communist Party, in 1937, therefore accused a section of the oligarchy of deliberately fomenting the War of the Pacific in order to further its interests, and thus avoid the tax reforms and protective duties proposed by the incumbent president, Anibal Pinto, as a solution to the depression.

ordered, than an indication of war-making plans. But it did indicate a capability for war. And if it is clear that Chile did not look for war it seems equally so that the depression, despite debilitating the economy and reducing the country to a condition most unsuitable for the prosecution of a war of aggression, also produced in the ruling elite what one writer has called 'A willingness to war'"

(J. Mayo, 1980, p.11)

Furthermore:

"The British role can be quickly disposed of. Only Gibbs were closely involved and they were fully informed of all that went on, but the evidence is that they were content to allow their Chilean co-shareholders to make the running with the Chilean Government, and further, that their interests were best served by a continuation of the Bolivian concession. Heavily involved in nitrate in both Peru and Bolivia, and doing well in both, they - in 1878 - had no obvious gains from a change in the territorial status quo in the region."

(op.cit., p.11; my emphasis)

and for Mayo, the argument against British involvement or influence in the affair is given further weight by his allegation that warlike action from Chile was unexpected, and therefore could not have been counted upon by the British, and specifically by Gibbs.

Mayo's views, as expressed in this article, represent the unanalytic and apologist school of the historians of imperialist powers. On close examination not only do the facts belie this argument, but also the underlying logic of this approach may be seen to be loose and full of internal contradictions. For instance, Mayo's implication that the depression of the 1870s (which in fact began in 1873 and not 1875) halted 'Chilean warmaking plans' is not only based on an ahistorical assumption since economic depressions can be held to have generally

heightened competition for markets and investment opportunities, in this epoch, and easily led to armed conflict, but is also factually inaccurate. The depression of the 1870s, as Brown has pointed out (1963), in fact greatly increased the importance of the nitrate industry and therefore of the Atacama region to the Chilean national economy, and to an important sector of the Chilean elite. As a result, tension between Chile, Peru and Bolivia, remained high, and the latter two countries continued to be apprehensive of latent Chilean aggression. Furthermore, for Mayo to add the caveat that perhaps Argentina alone continued to be an object of Chilean bellicosity, but that Chile was not in general 'looking' for war (though "willing for war ...") is tautological. A predatory attitude towards Argentina demonstrates the underlying imperialist project immanent in Chilean economic and foreign policies, which had been a consistent aspect of Chilean national policy since the 1840s to both the South and the North. Furthermore, Chilean imperialism was unlikely to suddenly cease in the North and persist with regard to the South, especially as the North became of ever increasing economic importance, and success became vital there to counterbalance the 'defeat' suffered in the South.

Above all, however, it is the misguided preoccupation with national or individual intentionality, rather than with the underlying web of conflicting economic interests and diplomatic relationships, that is a consistent feature of this school of thought, and that lies at the root of a series of misinterpretations of empirical evidence.

In fact Mayo's own evidence highlights quite clearly not only the imperialist nature of Chilean policy, but also the importance of the Antofagasta Nitrate Company, and in particular Gibbs, in encouraging

Chilean aggression, and the general involvement of British capital in the internal policies of the region. His approach to historical problems, however, leads him to attempt to discuss the war in terms of clear cut demonstrations of guilt, and, on the basis of this type of analysis, to attribute blame wholly to Bolivia, because it was Bolivia that provided Chile with the immediate casus belli. In fact, to accept the propoganda of the Chilean state and nitrate capitalists that military seizure of the desert was the only possible response to the Bolivian abrogation of the Treaty of Sucre, is not even backed up by Mayo's own examination of the evidence. The historical record clearly reveals the provocative attitude and Bismarckian project of an important sector of the Chilean elite, which not only also coincided with the interests of certain powerful British groups, but also was not unacceptable to either H.M.G. or the British Bondholders. In view of this, an attempt to re-examine the issue of British involvement and interest in the War of the Pacific should focus primarily on the role of the British press, the Bondholders, individual merchants and the unofficial influence wielded by H.M.G., rather than naively searching for examples of overt intervention. To attempt to 'exonerate' British capitalism from any role in the war on the basis of an analysis of Gibbs' activities in Chile seems to be both methodologically limited and also empirically and theoretically unacceptable. Yet Mayo's own use of Gibbs' MS. and his investigations of the actions of the merchant house serve to reveal the great extent of the influence exercised on Chilean national policy-making by Gibbs. Neither does the conclusion that Gibbs did not feel that it would gain from a change in the territorial status of the desert emerge even from Mayo's own research findings. An examination of Gibbs' Manuscripts (in particular

MS 11,471, Vols. 3-7; MS 11,471, Vols. 7-8), demonstrates that the merchant house did prefer to work under Chilean rather than Peruvian or Bolivian Governments. Furthermore, by 1878, Gibbs was no longer involved in Peruvian nitrate, and was determined to maintain its interests in Bolivian Atacama.

However, the war is of interest not simply from the viewpoint of individuals' actions, but because it was the logical culmination of the external orientation of Peru and Chile, and their general subordination to the needs of metropolitan capital; and also because both the causes, and the war itself, sprang from elite factional conflict whilst being determined by the activities and interests of foreign capital. Moreover, it is apparent that many contemporary observers, even before Blaine's wellknown allegation, considered foreign capital to be implicated in the dispute. Daza announced his breaking of the Treaty of Sucre, by declaring that he had:

".. fregado a los gringos, decretando la revindicacion de las salitreras y no podran quitarnoslas .."

(my emphasis)

and far from perceiving Chile as the principal opponent in the conflict, he wrote:

"Espero que Chile no intervendra en este asunto .."

(in Ahumada Moreno, 1884, pp.93-94).

CHAPTER 10 : THE PACIFIC WAR AND INTERNAL DIVISIONS.

"Su verdadera fisonomia y sus rasgos caracteristicos, su realidad actual, estan determinados por la Guerra del Pacifico. Es el hecho maximo, el hecho sintesis. Todas nuestras tristezas morales, todas nuestras errores economicas, todas nuestras males politicas, se sintetizan y se resumen en la Guerra del Pacifico." (Davalos y Lisson, 1919, Vol. 1V, p. 154)

The Pacific War has been seen as representing a watershed in West Coast political and economic life, and, moreover, some commentators have identified it as the source of many of Peru's subsequent problems. It was the culmination of a period of intense intra-elite conflict which had characterised the internal politics of Peru and Bolivia almost incessantly since Independence, and which had spilled over into international disputes with Chile, and resulted in poor relations with metropolitan capital. The war was both the inevitable outcome of these multi-faceted disputes, and, in turn, clearly illuminated the different levels of economic development and state formation in the region, as well as bringing to the fore the ethnic cleavages and class conflicts which fragmented Peru.

A. Historical Setting

Whilst the first Chilean act of war was made against Bolivia, on the whole this republic played almost no part in the fighting. Ever since Independence Bolivia had, in practice, been a backward, isolated, and effectively landlocked state, and Chile's swift and efficient naval campaign quickly barred it from effective participation in the war, and also officially reduced it to a country without a seacoast. In

February 1879 St. John wrote to the F.O. concerning the Chilean campaign against Bolivia:

"...in my despatch of February 19th 1879, I drew Your Lordship's attention to the dispute between Bolivia and Chile, and of the armed occupation by the latter of the port of Antofagasta. The Chilean forces have now advanced 90 miles inland, as far as the silver mines of Caracoles and established themselves there; they have also occupied ...Mejillones and stationed one ironclad at Cobija....as yet the Bolivians have offered no resistance, having, in fact, no forces on the sea coast, but they are reported to be collecting in the interior..."
(F.O. 61/318, 26th February 1879)

Three weeks later the Bolivians had still offered no military resistance to the Chilean advance. St. John's contempt for the republic is clearly revealed in this letter to the F.O., written on the 12th March 1879:

"..as yet no collision has taken place between their forces, but Chile appears to be strengthening her positions and awaiting events. In Bolivia much enthusiasm for war is said to have been shownThis enthusiasm is not likely to last long in that famine stricken country, which is actually being fed by supplies drawn from Chile." (F.O. 61/318)

Thus Bolivar's gloomy predictions concerning the future of the republic named after him appeared to contain a large degree of truth¹, and it quickly became apparent that President Daza had wildly underestimated Chilean strength and intentions. In a letter written at the beginning of 1879, Daza said of Chile:

"...su conducta con la Argentina revelade una manera inequivoca su debilidad e impotencia...."

He also made it clear that he was relying on Peruvian adherence to the

1. Bolivar wrote to Sucre in 1826 that Bolivia was hardly viable as a state, and would eventually be destroyed by Brazil or Argentina. (Bolivar to Sucre, 12th May 1826, in Fifer, 1972, p. 17)

Treaty of 1873:

"..si nos declaran la guerra, podemos contar con el apoyo del Peru, a quien exijiremos el cumplimiento del tratado secreto.." (in Ahumada Moreno, 1884, pp. 93/4)

In the event, following the initial strike on the 14th February 1879, Chilean troops went on, in just over four weeks, to conquer the major centres of the Bolivian Atacama Desert. By the end of March Bolivia had effectively been defeated, and Chilean attention was switched to Lima and Tarapaca.

McQueen (1926, p.10) estimated that approximately one third of the Government revenue had been expended on the armed forces since the beginning of the Guano Boom, and in 1868 'El Comercio' observed that:

"..las listas militares devoran los caudales pequenos de las Tesorerias.. "(24th January 1868, Lima)

But despite this massive investment, the Peruvian army and navy at the end of the 1870s were badly equipped. Moreover, since they functioned more as regional armed bands than as cohesive national institutions, they had little discipline, training or even patriotic fervour, and were top-heavy with officers. These features of the Peruvian armed forces had actually been exacerbated by the Civilista attempt to create a professional military force subject to civilian state control. (Cf. Beruf, 1978, pp. 35-39). The economies carried out by Pardo had reduced the army in size from 7,000 to 3,000 men, and greatly cut the annual expenditure on the military. As a result, on the outbreak of war the Peruvian armed forces were relatively diminished in terms of both manpower and equipment. On the other hand, the Civilista reforms had failed to produce a disciplined, unitary force. On the contrary, they had created new dissensions within the armed forces, between the military and civilian elite, and between pro-Civilista and

pro-military groups. Conscious of these deficiencies in the army and navy, and of the appalling economic state of the republic¹, the Peruvian Government hoped to avoid involvement in the Chilean/Bolivian conflict, and had immediately instructed the Peruvian Minister in La Paz, Quinones, to offer his services as a mediator. His peacemaking efforts, however, had been quite unsuccessful because of the determination of both the Bolivian and Chilean leaders to fight; the Bolivians, he wrote on the 15th February 1879, were relying on:

"..la justicia de su causa y con la lealtad del gobierno del Peru en el cumplimiento del pacto secreto de alianza de 6 de febrero de 1873." (in Basadre, 1976, p.44)

Quinones also made two other important observations; firstly, that the Chileans were clearly preparing to wage a major struggle, and secondly that there was the danger that the Bolivians might yet give up the littoral to the Chileans, who would then support the former to attain their traditional goal of Arica².

Meanwhile the Chilean Minister in Lima, Godoy, subsequent to some

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1. In August 1876 Graham reported to the F.O. on the decrease that had taken place in Lima's population in the last four years, "..the reason being the excessive cost of living here, and the stagnation which exists in all branches of trade, which obliges all those who formerly derived their living from the numerous schemes and speculations which were constantly got up to seek their fortune in other places. Many families have also retired to small country towns, finding the capital too expensive for them." (F.O. 61/294, 3rd August 1876) In March 1879 St. John wrote, "The difficulties which the government are encountering in procuring the smallest advances to meet the current expenses should warn them of the danger of an armed contest.." (F.O. 177/149, St. John to Salisbury, 12th March 1879)
 2. This outcome was a genuine possibility. In July 1879 St. John wrote to the F.O.: "The Peruvian Minister today came to me to read me documents showing that Chile had been making efforts to detach Bolivia from the Peruvian alliance, and that for this purpose Chile had proposed, after annexing the most Southern portion of Peru in which its nitrate and guano deposits were contained, to annex to Bolivia a further portion lying immediately North of this district ..to offer to the capital ..easy communication with the sea.." (F.O. 61/ 317, 21st July 1879)

preliminary discussions with President Prado, wrote to Santiago that in view of the 'estanco', Peru would be most unsuitable as an arbitrator. Furthermore that, in contrast to Prado's caution, public opinion in Lima had quickly (but temporarily) become extremely enthusiastic in support of going to the aid of the Bolivians. All newspapers except 'la Tribuna', and the official government publication, 'El Peruano', were in favour of declaring war on Chile¹. Godoy wrote to Fierro that it was obvious what lay behind this bellicosity:

"..el odio hacia nuestra pais enarnado en muchos notables e influyentes personajes; el interes mercantil de todos los que estan ligados de algun modo a la vasta especulacion salitrera;"

He also observed that the pro-war attitudes of some sprang from the factional infighting endemic to Peruvian politics:

"..los calculos politicos de los desafectos al Gobierno y de los que ambicionan altos puestos en la administracion...."

(Godoy to Fierro, 5th March 1879, in Moreno, 1884, p.82)

Lima public opinion, together with the eagerness of Godoy for war with Peru, therefore combined to impede the Peruvian peace mission undertaken by Lavalle to Santiago. Lavalle's mission was dismissed by the Chileans as an attempt by the Peruvian Government to gain time and prepare for war². Furthermore, the demand by Peru that the Atacama

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- 1 Amongst the elite, pro-war/Bolivia, and pro-Chile groups tended to correspond to the Pierolista and Civilista factions (cf. Gibbs MS. 11,120, 16th February 1879, & MS. 11,470/3, 24th February 1879).
 2. This allegation appears to have been largely true. Godoy, in his letter to Fierro, wrote that: "La unica consideracion: poderosa que mantiene la indecision es, no la remota esperanza..de que la Legacion Lavalle logre inducir a nuestro Gobierno a un avenimiento pacifico con Bolivia, sino la conciencia de su pesima situacion fiscal y de la inferioridad de sus elementos navales comparados con los que Chile posee...Pero de esta ultima consideracion..ha nacido..su empeno de alistar sus naves, incrementar su ejercito.." (5th March 1879, in Moreno, 1884, pp. 81/2), and a week later he stated "..la mission confiado al Sr. Lavalle trata de ganar tiempo.." (12/3/79; ibid.p.83). Furthermore, St. John reported to the F.O. that: "..Peru is collecting a considerable force on the frontier..of Tarapaca, 2,000 troops having already landed in Iquique. She is also working at her fleet.." (F.O. 177/149, 12th March 1879)

Desert be evacuated by Chilean troops, without the concomitant lifting of the Bolivian decree, as a prerequisite to negotiations, doomed the mediation attempt to failure. Consequently, on 29th March 1879, Fierro telegraphed to Godoy to leave Peru, since the two countries were now at war due to Peru's failure to declare neutrality.

The first stage of the war was brief and onesided. On the outbreak of hostilities the Peruvian Government was drawn six months ahead upon payments from such sources as the Cia. Administradora del Estanco del Salitre and the Peruvian Guano Company, and had defaulted on the payment of the external debt three years previously (McQueen, 1926, p.10). But victory hinged upon naval strength, (St. John described the war as a "war of launches", F.O.61/319, 25th August 1879), and consequently Peru had to obtain more ships. The Chileans were well aware of this fact, and were determined to prevent any enlargement of the Peruvian fleet. Godoy, in his letter dated the 5th March 1879, wrote to Fierro that it had come to his attention that the Peruvian Government:

"..cuenta con adquirir un buque blindado poderoso en un termino de no mas de 50 dias....este Gobierno, persuadido de la inferioridad de sus elementos navales respecto de los de Chile, ningun esfuerzo, ningun sacrificio omitiria por adquirir otros...." (in Ahumada Moreno, 1884, p.82)

However, Peru's bankrupt finances and reputation in the London Money Market made it impossible to obtain credit to purchase naval reinforcements (quite apart from Britain's strict enforcement of the neutrality laws on its shipbuilders and on the seas.) Its unfortunate relationship with the Bondholders and H.M.G. may therefore be said to have been a contribution to Peruvian defeat.¹ Spencer St. John, however, pinpointed a further barrier to the succesful prosecution of the war, namely the internal social and economic structure of Peru. In a despatch written

1. This point is explored in Chapter. 11.

in May 1879 St. John reviewed the various reasons behind Peru's failure to reach a satisfactory settlement with the Bondholders:

"There is no doubt that in common with the rest of the world, trade is depressed in Peru, but that is not the real reason why this republic has not paid what is due to the Bondholders. The real reason is that the Government is afraid to raise the necessary taxes which the people could pay with greater ease than in almost any other country in America.

I have elsewhere observed even in this crisis of their country's fate, the members of Congress would not impose the taxes necessary to carry on the war, but were ready to vote either loans or issues of irredeemable paper money..."

(F.O. 177/149, St. John to F.O., 20th May 1879)

By the end of 1879 the Chileans had achieved substantial victories in the South. One of Peru's two ironclads, the Independencia, had been lost in May (F.O. 61/318, St. John to F.O., 28th May 1879), severely weakening the Peruvian navy. Then in October the Chilean fleet, in the Battle of Angamos, captured the Huascar, and effectively decided the outcome of the war (F.O. 61/319, 14th October 1879). Twenty days after this battle, on the 28th October, the Chilean army invaded Tarapaca, and, at the beginning of 1881, went on to occupy Lima. The Treaty of Ancon, however, was not concluded until October 1883, despite Chile's swift and decisive naval victory; this was because, during the intervening years, the entire social and political fabric of Peru collapsed.

B. The Pacific War and Peruvian disintegration: symptom or cause?

The Pacific War brought out all the existing centrifugal tendencies which had been endemic to Peruvian society ever since Independence. While the Chileans were carrying out a campaign to bring about the 'capital disaccumulation' of Peru, features such as intense racial hostility, the isolation and fragmentation of the ruling classes, regional frictions, lack of class solidarity and the identification of the ruling classes with external forces shattered the Peruvian social and political structure from within. These features are sometimes attributed, in part, to the Pacific War itself. In fact, however, they should rather be viewed as elements intrinsic, and even functional, to an incoherent social structure, and were created in colonial Peru. Moreover, these pre-capitalist characteristics of the Peruvian polity, whilst emerging most clearly during the war, were in no sense caused by it, but in fact contributed to its outbreak. They were also the major reasons for Peruvian defeat. Iglesias, in his address to the Cajamarca Assembly on the 12th of January 1884, clearly recognised this:

"...los odios de faccion, las rivalidades internas, las furias de las pasiones, vivan aun ante el peligro de la patria, hacian imposible todo plan serio y decisivo de ataque o de defensa..."

and went on to plead for peace, since the wars were destroying Peru:

"La guerra desde Febrero de 1880, no se hace a Chile, sino a nuestros propios desventurados pueblos."

(in Ugarteche and San Cristoval, 1945; Vol 11, pp. 155, 157)

During the first months of the war, the Peruvian elite had in fact maintained a relatively united front, and, despite the appalling economic conditions, the Government managed to raise some funds with which it was hoped to purchase ships and armaments (McQueen, 1926, pp. 10-11) However, this was achieved mainly through currency manipulations, and

by the middle of 1879 British F.O. documents speak of the unwillingness on the part of Peruvian capitalists to contribute to the war effort (F.O. 61/317, St. John to Salisbury, 11th June 1879); while in 1881 it was observed that Peru's wealthy citizens had abandoned the country at the first hint of trouble:

"Los pocos hombres de fortuna han abandonada hace anos la capital para meterse en los palacios de Paris....." (Note, n.a., to Chilean Protectorate in Lima, March 1881, in Ahumada Moreno, 1884, pp. 275-6)

Then, on receipt of the news of the disasters in the South, Prado's government appeared to collapse. St. John wrote to Salisbury in October:

"At present there appears to be no government whatever; the Vice-President is confined to his bed.....Everything appears to be in a chaotic state; there is no general named to command the army, nothing is being done to strengthen their forces..Peru appears to be struck as with paralysis....the people themselves seem as indifferent to the future as the governing classes who are thinking more of their personal ambition than the welfare of their country." (F.O. 61/319, St. John to Salisbury, 29th October 1879)

and he commented once again on the continued opposition from Congress to the imposition of taxation:

"They preferred giving the Government the almost unlimited powers to issue paper money, than to run the risk of raising any opposition among the tax-paying class" (ibid.)

According to St. John, however, confidence was briefly restored in mid-December when President Prado returned from the South, only to collapse again when:

"..on the 18th..the people were astonished to hear that General Prado had embarked...and sailed for the United States."

(St. John to Salisbury, F.O. 61/319, 22nd December 1879)

His flight, nominally to acquire weapons to continue the war, was symbolic

of the attitude of a large sector of the upper classes towards the war¹. It also marks the beginning of the fragmentation of the Peruvian society and government into several rival factions, and the end of a coherent programme of war. In his despatch dated the 22nd December, St. John enclosed an extract from the 'South Pacific Times' which clearly reflected the desperation felt in Lima:

"An empty exchequer; no credit; war; loss of important territory that may never be recovered; poverty among the people unexampled; naval officers on pay and no ships; taxation in every form and shape; bread increasing in price, and paper money decreasing in its power to buy it; pensioners without pensions; public employees unpaid; families of men who have fallen into the hands of the enemy, or have perished, penniless; a rapidly decreasing population; commerce ruined; agriculture neglected; Arica blockaded and the chance of Callao sharing the same fate; with a general paralyzation of everything, socially and politically. This little catalogue of drawbacks to national happiness will at least assist in describing the situation.....

And where is to be found the remedy? The question creates an echo not an answer..."(in F.O. 61/319)

Two days later it appeared that the 'general paralyzation' was at an end, as Pierola "marched into Lima as dictator.."(F.O. 61/319, St. John to F.O., 24th December 1879). Even St. John appeared hopeful of the new president who, he thought:

"..an intelligent man, and having resided much in Europe, will not we hope fall into the errors of his ignorant predecessors, who have been interfering in every possible way with the freedom of commerce, endeavouring to secure a monopoly of sugar and silver - issuing arbitrary decrees in banking and business, and forbidding more than four persons to meet in a group in the streets."(ibid.)

1. It also offered to the British clear confirmation of the widely held view of Peruvian politics as a corrupt and despicable affair. The Peruvian collapse into anarchy merely fulfilled British expectations. Subsequently, frequent references are made to politicians motivated purely by personal ambition and financial greed.(e.g. F.O.61/325 26th February, 1880)

However, St. John was soon disappointed. Pierola's over-riding concern was to secure his dictatorship and crush his old enemies - who were not Chileans, but Peruvians¹. St. John described his policy as one designed to upset:

"..almost everything existing in this country with the sole object of apparently putting in every post, persons who are favourable to the present dictator..."

Nothing that can be changed appears to be forgotten: the army, the navy, the magistracy..even the monopoly system has been upset, the £.sterling has been proclaimed the legal currency in the Republic; as there is no gold in the country, the Government are forced to content themselves with paper issues.....The whole state of the country gives me the idea that a great collapse and bankruptcy are inevitable..."
(F.O. 61/325, 21st January 1880, St. John to F.O.)

This is a clear description of clientelist politics. A few months later St. John illustrated the populist element in Pierola's approach, one aspect of which was his attack on the Civilista oligarchy and foreign merchants:

"..the action of the revolutionary authorities in this Republic makes us fear that we shall soon have a kind of organized commune under the..direction of M. Pierola.

...The object is evidently to ruin the financial classes whom the Pierolistas look upon as their enemies..

...foreigners dealing in provisions are closing their stores..I fear that the next stage will be an organized pillage under the pretence of securing the necessaries of life for the poor. Forced loans are..openly spoken of..the partisans of Pierola are openly hostile to foreigners.."
(F.O. 61/325, 12th May 1880, St. John to F.O.)

For the Lima-based elite, and especially for the foreign mercantile community, it was becoming evident that Chilean occupation might well be preferable to rule by 'altiplano caudillos'.

1. Highlighting the degree to which Pierola subordinated the national struggle to his personal cause, he gave no assistance to operations in the South, since they were commanded by the Civilista Montero. Instead he organized his own army in Lima, as much to oppose Montero as to fight the war. These 2 armies, observed 'El Ferrocarril de Santiago' were in reality 2 rival personal followings (in Moleiro, 1881 p. 287)

On the 17th January 1881 the Peruvian army surrendered, and on the 2nd February the North American Minister, Christiancy, reported that the disbanded Peruvian forces, together with the 'lower orders', were looting and burning Lima, until the Chilean army arrived to take control. Consequently the foreign community, he wrote, dreaded the departure of the Chileans because they would be :

"...subjected to the prejudices, the passions and the hatreds of the Peruvians of the lower orders.....they fear that the 'foreigners' will then be accused of having aided the Chileans to take possession of Lima.." (Foreign Relations of the United States, Christiancy to Washington, 2nd February 1881)

St. John reported the events in a similar vein, implying, however, that it was not only the foreign community that welcomed the protection of the Chilean army:

"..the fear of the return of the Government of Pierola, supported as it is by the lower orders who but the other night committed such excesses, makes all those who possess property desire that the Chileans should prolong the occupation of the country..." (F.O. 61/333, St. John to Granville, 22nd January 1881)

After Lima had fallen to the Chilean army the location of the war switched to the regions, bringing about the change in its nature already touched upon in the above despatches. On the one hand, the Chileans continued their military operations in the form of a series of raids into the hinterland, designed to capture booty and postpone Peru's eventual recovery by the systematic destruction of railways, sugar and cotton plantations and the levying of forced loans.¹ These

1. On the 16th February 1881 Christiancy wrote to Washington: "It is evident that Chile means to leave Peru in a condition which shall not render her a dangerous neighbour hereafter." (Foreign Relations of the United States) and on 23rd August 1881 St. John reported a debate in the Chilean Congress which dealt with this plan to effect the capital 'dis-accumulation' of the Peruvian elite: "...the policy of the Government is the most judicious; the occupation, prolonged until Peru was reduced to a state of decadence beyond recovery.." (F.O. 61/334). The oligarchy reacted by transferring their properties to foreign capitalists who often already held a mortgage on the properties, e.g. F.O. 177/164.

activities, however, had the added effect of bringing the oppressed classes into the war to a far greater extent than previously. This occurred through their incursions into the Northern coastal plantations, which led to the involvement of the Chinese and the Blacks, and through their attacks on 'altiplano' villages. In the middle of 1881 'La Situacion', Lima, reported on the impact of the Chilean expedition to Canete:

"..que tan duramente ha sido azotado por una de esas terribles tormentas que se conocen en las haciendas del Peru en el nombre de levantamiento de los negros....."

Canete y sus fundos opulentos cayeron en seguida en poder de los negros alzados para el pillaje y la matanza, a pretexto de las simpatias que la desventurada y miserable colonia asiatica de esos valles habia manifestado por el ejercito de Chile....."
(17th June 1881, in Ahumada Moreno, 1884, p.149)

and in 1883 Alfred St. John remarked:

"The poor Indians have been the greatest sufferers throughout this war....,"

and yet, he added, underlining their marginalisation to Peruvian society,

"..they scarcely know why it was brought about or why it continues." (F.O. 61/347, A. St. John to F.O., 23rd August 1883)

On the other hand, the Peruvian military chiefs had, naturally, moved their bases into the 'altiplano' after the Chilean victory, nominally to continue the patriotic struggle. In reality most of their efforts quickly became concentrated on fighting each other, and Caceres alone carried out a serious campaign against the Chileans. This too obviously led to the increased involvement of the Indian peasants, either as 'montoneras', guerrillas on their own account, or as victims. In this way, the national war and the internal disputes between the different sectors of the upper classes, and the consequent

disorganisation of Peruvian society loosened the horizontal and vertical adhesion of class and clientelist relations and widened the conflict into a full-scale social and racial war. These different aspects of the war also became intertwined; Pierola had proclaimed himself the 'Protector de la Raza Indigena' (Basadre, 1969, Vol. VIII, p. 244), and was accused by the Civilista Garcia Calderon of "...sembrando la anarquia en las clases sociales...."(Calderon to the Congress at Chorillos, 10th July 1881, in Ugarteche and San Cristoval, 1945, p.117), and whilst this was purely populist rhetoric, his use of the masses to intimidate his rivals increased the divisions amongst the upper classes and weakened still further Civilista commitment to the national struggle. On the 17th April 1881 Christianity wrote to Blaine:

"..some wealthy Peruvians who support the provisional Government (under Calderon) ...have been heard to express their wish that Chile might take and govern the whole of Peru; and there are not wanting strong suspicions among the Peruvians that this is the ultimate purpose for which the provisional government is working."
(Foreign Relations of the United States)

In reality, however, Caceres alone among the national leaders could be said to have had any genuine commitment to a radical programme, and in his campaign against the Chileans, his Indian soldiers also attacked white property owners. As the war continued, this aspect of his campaign became predominant; in January 1882 St. John reported to the F.O. on the extension of Chilean control into some of the provinces:

"An expedition has..started South to take possession of the Province of Ica, which is overrun with guerrilla bands of the worst description.....If the officers conduct themselves well, they will be looked upon as liberators." (F.O. 61/710, 25th January 1882, St. John to F.O.)

He also commented on the absence of any of the national leaders in the area, making it clear that many of the peasants were now acting independently.

Bonilla, in an article (1978) based primarily on British F.O. records and an interesting piece of research by Favre (1975), has given us an excellent account of the social dimension of the Pacific War. The objective of his research is, he states, to examine :

"...the solidity of the national assumptions which underlay the foundations of the Peruvian republic 60 years earlier...."(p. 94)

and the Pacific War provides an 'exceptional opportunity' to carry out this task since:

"There is no better way of testing the foundations of a society and the motivations of its members' behaviour than a situation of crisis."(ibid.)

He then goes on to approach this question by considering the two main aspects to the problem which we have discussed above; firstly, the position of the Peruvian upper classes, and, secondly, the racial conflict engendered by the war.

The first aspect is examined in terms of the solidity of the 'oligarchic state', which he implies was established by the Civilistas during Pardo's period of office. In order to assess this, he discusses the lack of patriotism displayed by the export bourgeoisie, and the rifts between the Civilistas and Pierolistas, commenting:

"This civil war reflected, at bottom, the irreconcilable interests of the individual chieftains and patrons and their dependants and followers. Since none of them enjoyed a sufficient base of autonomous power, the result was profound instability. Only the support of the Chilean army of occupation could enable a government to maintain or enlarge its sphere of authority.

(p. 100; my emphasis)

Unfortunately, Bonilla does not enlarge upon the last point, but goes on to clearly demonstrate the growing desire for peace on the part of both the Lima based elite, and the regional upper classes, as their social and economic positions became increasingly threatened by revolt

from below. He concludes:

"The disintegration of the oligarchic state thus demonstrated the profound instability of Peruvian society, and how extremely vulnerable was the national cohesion achieved by the rule of the oligarchy..."(p. 100)

In looking to the Pacific War to demonstrate the fragility of a hypothetical 'oligarchic state', Bonilla might perhaps be accused of tilting at windmills; as I have demonstrated in Chapter 7 it was questionable whether the Civilista period of government could be said to have established an oligarchic state at all. The infighting during the Pacific War was in fact simply an intensification of the internal disputes which had characterised Peruvian society ever since the Declaration of Independence, and which had been greatly exacerbated by the Civilista attempt to assume political control. (cf. Chavarria, 1972, p.129). It is highly debatable in fact whether it is possible to speak in terms of national cohesion at any stage in Republican Peru's pre-War history, and Bonilla's own discussion of the ethnic divisions that cut through Peruvian society surely demonstrate this. As we have discussed above, the nation state can be seen as a wholly inappropriate unit of analysis for most peripheral formations at this stage, and particularly for Peru¹ and Bolivia. In this context, Chile must be seen as the exception rather than the rule. The 'social dimension' of the War of the Pacific therefore simply highlighted the

1. n.b. the American Minister's comments in 1881: "...I am unable to discover any sufficient elements here for establishing an independent or even any kind of regular or permanent government of Peru; certainly no form of popular government by the Peruvians themselves." and he attributed this deficiency largely to the 'enslavement' of the Indians, Blacks and Chinese. (Foreign Relations of the United States, Christianity-Blaine, 4th May 1881). Obviously the comment springs partly from self-interest and ethnocentricity.

external orientation of the Peruvian social structure¹, which, in a sense, had provided its sole cohesive force. It is hardly surprising, therefore, that:

"a prolonged occupation would be welcome not only to foreigners, but to a large number of Peruvian proprietors who fear civil war and military revolutions....." (F.O. 61/333, St. John to Granville 6th April, 1881)

By 1884 the Peruvian elite felt its position in Peruvian society to be even more insecure:

"The Peruvian Government are negotiating with the Chilean Authorities with the object of inducing them to leave a part of their army in the neighbourhood of Lima till July next."
(Alfred St. John to Granville, F.O. 61/353, 11th March 1884)

Implicit in the above quotations is the weakness of the Peruvian upper classes vis à vis the oppressed groups within Peru, and, indeed, as the Chilean forces began to withdraw, British F.O. and North American diplomatic papers dwelt increasingly on the frequency and ferocity of Indian uprisings. On the 20th February Alfred St. John reported to Granville that the 'montoneras' had taken possession of Trujillo and the port of Salaverry (F.O. 61/353); on the 7th May he wrote to the F.O. that an Indian rising, led by partisans of Caceres, had taken Huanuco (F.O. 61/353), and then on the 5th of June he reported engagements throughout Peru, as far apart as Cuzco and Cajamarca (F.O. 61/353). From the point of view of the white upper class the situation had deteriorated even further by the end of 1885 as Caceres continued to

1. It is significant that one of the major issues of contention between the Civilistas and Pierolistas during the war continued to concern guano and Dreyfus, as Pierola carried on his negotiations with the French capitalist, to the detriment of Peruvian national finances, provoking the comment from St. John that: "it is generally believed that Sr. Pierola has been a sleeping partner in that firm ever since the signature of the Guano Contracts..." (F.O. 61/344, 24th Oct. 1881)

gain ground; U.S. Minister Buck wrote to the Secretary of State, Bayard;

"Caceres seems to have the organized sympathies and interests of the Indian race with him in a degree to which they have perhaps not often been excited since the final overthrow of the Inca power there. There seems to be something of a national race phase to the conflict which is exceptional as compared with previous revolutionary movements in Peru." (Foreign Relations of the United States, 21st November 1885).

As I have shown, Peruvian bankruptcy, loss of exports and credit, and national war had combined to provoke the complete disintegration of Peru's fragile political and social structure. As the economic relationship with metropolitan capital was interrupted, the force which had held together the different labour systems in Peru also ceased to function. The resulting vacuum loosened the vertical patron/client ties which held the Indian peasants in place, whilst also permitting the Chinese and Black labourers to revolt against their social oppression.¹ The second part of Bonilla's paper concerns the resulting race war; first of all, he considers the impact of the Chilean invasions on coastal labour.

The decades of civil strife beginning with the Wars of Independence, had resulted in a drastic fall in population, and also the displacement of large numbers of the rural labour force (F.O. 61/2, 15th July 1824). Consequently there is frequent mention in contemporary sources of the severe scarcity of labour, especially in coastal Peru, and this problem

1. Just as republican Peruvian history prior to the Pacific War had been characterised by virtually continual intra-elite conflict, so too had it witnessed frequent localised uprisings on the part of the different oppressed groups; for instance, in 1870 U.S. Minister Hovey wrote to Fish reporting an insurrection of about 2000 Chinese labourers on the large cotton estates of Pativilca (Foreign Relations of the United States, 14th September 1870), and in 1876 a large-scale coolie revolt took place ("Stewart, 1951), whilst Macera (1974) notes that the 'hacendados' never had complete control over the Indian peasants, and, for example, in 1866 an uprising in Huancane broke out.

was exacerbated by Castilla's manumission of the slaves in 1854¹ (cf. Davalos y Lisson, 1919, Vol IV; Camprubi, 1957, Vol 1, p. 57 and Copello and Petriconi, 1876). Alleviation of this shortage became even more urgent as the Peruvian export economy began to expand with the increase in demand from Europe and North America for Peruvian agricultural products. Just as the capital to exploit the guano and coastal agricultural sectors had originally come from abroad, so too the solution to the labour problem was found outside of Peru. In 1849 Congress passed 'La Ley del Chino', Peru's first immigration law, permitting the introduction of 'coolie' indentured labour, and in the same year the first shipload of Chinese immigrants arrived. This trade continued until 1879, and it is estimated that in these thirty years from between 100,000 to 160,000 Chinese labourers (single males) were introduced into Peru (Wong, 1978, p.342), many having died in mid-passage (Thompson, 1979, p.576). The working and living conditions of these workers were, in general, appalling. In 1876 Gibbs discussed their plight in a general report on Peru:

"..their condition as a rule is far from satisfactory. In the first place the isolation of some of the haciendas is such, that the coolie is entirely at the mercy of his master...Many of these Chinamen are engaged in the guano deposits...Besides being worked almost to death, they have neither sufficient food nor passably wholesome water...During the last quarter of 1875... there were 355 Chinamen employed at Pabellon de Pica alone, of whom no less than 98 were in the hospital...It is often said that the advancement of Peru depends upon the importation of

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1. Levin points out that a scarcity of labour was not the whole problem: "...centuries of forced labour in the Spanish mines and plantations.. and the communal traditions of the Indians, made them unwilling to be wage labour on the coast again", therefore, "...it was the high degree of immobility of Peruvian labour - its failure to respond to monetary incentives - which choked off its supply. Custom, experience, institutions, and the law itself made labour immobile."(1960, pp.40/1) These observations also neatly demonstrate one of the major problems for a Peruvian transition to capitalism: the resistance of the Indian and the relative weakness of the embryonic bourgeoisie.

"of Chinamen...."(Foreign Relations of the United States, Gibbs to Fish, 13th March 1876)

Interestingly, not only did this reactionary solution to Peru's labour problems reflect the extent to which the attitudes of the export bourgeoisie had been over-determined by the cultural attitudes discussed in Chapter 1, but it further stigmatized Peru in the eyes of foreign capital. Here 'La Flandre Liberale' (Ghent) unfavourably compares Peru and Chile in the context of their differing approaches to labour:

"The moral superiority of the Chilean people..assured victory. They have always given a kind welcome to foreigners who have settled there. Whilst Peru brought in Chinese labourers to exploit their rich deposits of guano, and reduced them to a state of semi-slavery, Chile relied rather on the free immigrant labour" (26th January 1881, in Ahumada Moreno, 1884, p.217 (my translation))

A similar attitude is adopted by the Peruvian newspaper 'El Nacional' which, in February 1876, reported on the news that Chinese immigration was to be re-established:

"Two daily newspapers have received this news with...great rejoicing..the great interest of industry has been saved, threatened, as they were, by a tremendous crisis for the want of hands for labor.....

Since Asiatic immigration was established in our ports, slavery, ..was re-established de facto...

That which is wanted is a laborer who works from sunrise to sunset; who can live on two rations of rice; who earns one sol a week, which in the majority of the cases is discounted from him for real or supposed damages occasioned by him; and who can drag chains, be flogged....Under those conditions it will certainly be impossible to obtain day-laborers in this country."(in Foreign Relations of the United States, Gibbs to Fish, 13th March 1876)

Bonilla's evidence on the spontaneous eruption¹ of the Chinese workers during the war is therefore unsurprising, and is corroborated by my own findings. However a further, and apparently less explicable, aspect of the racial conflict was quick to emerge, involving conflict within the oppressed groups²:

"This time it was not the revolt of the oppressed Chinese against the oppressor group of whites, but the sack of Chinese shops and massacre of their proprietors by Indians and mestizos from the disorganized and disbanding Peruvian army...similar events took place in Canete..

In December 1879 and again in February 1881 this dramatic racial conflict among the popular masses reached peaks of intensity....in 1881 the negroes of Canete took the opportunity to attack estates, killing both white owners and Chinese labourers, even though objectively the Chinese were in a similar situation to themselves. No doubt the secular frustrations and humiliations of the black slave population found a compensatory release in this race war. Colonial division and oppression had not merely impeded the articulation of the collective interests of the oppressed as a group, but also concealed the real enemy.

(Bonilla, 1978, pp.108/9; my emphasis)

Whilst Bonilla is clearly quite correct in his analysis of this phenomenon in terms of Peru's colonial history, his interpretation of the plight of the Chinese is less satisfactory. It is in fact evident

1. Bonilla also points out that the widespread rebellion and flight of the Chinese workers was a major cause of the plantation owners desire for peace and he cites a letter from Adolfo Salmon, prefect of La Libertad, to U.S. Consul Mountjoy: "What chiefly grieves me is that the Chinese are all off, after having caused great disorder. They can be of no use to them, but we need them very badly. If you could..persuade Lynch to sell them again to the estate owners, I would buy them for their weight in gold. Do see what you can do ...because this is extremely important for us..." 15th October 1880, (Bonilla, 1978, p.108)
2. St. John comments on this side of the conflict: "...at Canete..a fierce quarrel has broken out between the Chinese and Blacks, and murders and destruction of property are daily occurring."(F.O. 61/333, 9th March 1881); and on the 27th July 1881 he reported that since the Chilean army had left Canete the bandits (Indians and 'Mestizos') had come down from the sierra and were "...burning and destroying" everything. (F.O. 61/334)

that the situation of the Chinese workers was differentiated from that of other oppressed groups in several important ways. Presumably Chinese workers were highly attractive to plantation owners not simply because of their adaptability to the climate of the Peruvian coastal zone, but mainly because of the almost negligible reproduction cost of this form of labour. This fact, however, would constitute an irritant for neighbouring workers, whether black former slaves or 'mestizos', since the Chinese were therefore competitors in the labour market at a far lower cost than other oppressed groups; in fact, the expansion of the coastal 'haciendas', of which the 'coolie' trade was an integral part, had displaced other sectors of the coastal community:

"..el sistema de las grandes haciendas...ha hecho desaparecer la pequena agricultura de pan llevar, la poblacion indigena ha desaparecido, para dar lugar a la poblacion china.."(Copello and Petriconi. 1876, p.28; my emphasis)

It is also clear that when the Chinese ceased to be plantation workers and emigrated to the towns, setting up small businesses, they represented a threat to the urban working classes and petty bourgeoisie, due to their willingness to work long hours for little reward; a historical characteristic of migrant labour:

"As the Chinaman is laborious and industrious, being satisfied with small gains and having no luxurious vices or habits, he sells cheaper and gives a better article for less money than shopkeepers of other nationalities"(Foreign Relations of the United States, Gibbs to Fish, 13th November 1876)

And in May 1877 Gibbs wrote to Evarts:

"..the Chinaman is an industrious, hardworking and patient labourer; the climate all along the coast...suits him; his wants are few, and he saves money, when other races live in penury and misery under the same circumstances." (ibid. 11th May 1877)

When it is remembered that at this time the Peruvian economy was in the grip of a major crisis, and was characterised by soaring inflation

and unemployment, it is hardly surprising that the Chinese worker came to occupy the position, traditional to the migrant worker, of scapegoat. In any case, historically, all-male migrations have always been viewed as threatening; 'El Nacional' clearly articulated this viewpoint which held the alien to be immoral and contaminating:

"The Asiatic race, who.....advanced very little or nothing in more than a 1000 years, have a civilization different and contrary to ours.

...it is true that the Asiatics are intelligent, and have few necessities...they would be strong competitors to our working class, and for which reason they could work cheap...

In exchange the Chinese gamble is vicious and voluptuous. To restrain the contagion of these evils the introduction of Chinese women would be necessary...

Why then that anxiety to augment..the current of Asiatic immigration...? They bring degeneration and nothing else.." (11th February 1876, in Foreign Relations of the United States, Gibbs to Fish, 13th March 1876)

Fundamental to this feeling of Asian degeneracy was the competition over women which inevitably arose, and which was a major grievance for other, male workers; to quote from Gibbs once more:

"They (the Chinese) intermarry with the lower class of whites, mestizas, and cholas, and by these are looked upon as quite a catch, for they make good husbands, industrious, domestic, and fond of their children, while the cholo husband is lazy, indolent, often a drunkard, and brutal to his wife. I often meet children in the streets whose almond-shaped eyes show their Chinese origin" (Foreign Relations of the United States, Gibbs to Fish, 13th November, 1876)

Finally, a large proportion of black former slaves had become small scale subsistence farmers in the vicinity of the plantations. As such they would be unlikely to have any shared interests or feelings of solidarity with the Chinese indentured labourers. Similarly, the interests of the Mexican Indian peasants, whether engaged in communal agriculture

or working under a feudal relationship with a 'hacendado', were not likely to be in accord with those of either groups.

In one sense therefore, the reactionary, slave-owner mentality of the Peruvian upper classes, which saw the solution to its labour problems on the coast in terms of an all male, captive workforce, generated yet more cleavages within an already highly divided society. The principal actors in the racial war, however, were not the Blacks or Chinese, but the Sierran Indian peasants, whose relationship with the Whites remained that of subject and colonizer. Bronner notes that the Spanish conquest had produced in Peru:

"..an absolute division of labour, alienating the conquered while enthroning the values of the conquerors"(1978,p.5)

and compares the colonial system to an apartheid regime¹. The Republican state had not succeeded in, or attempted to, fuse the 'Two Republics'; the racist and colonial nature of Spanish legislation concerning the Indian was largely retained, but its protective aspects were discarded (Steward and Faron, 1959p.157). Integral to the Republican state was the destruction of the community enshrined in Bolivar's attempt to liberate all land for capital formation - collective ownership of land was made illegal. However legislation legitimising the semi-feudal and caste-like social relations characteristic of the colonial period was maintained; in 1826 two decrees re-established the old system of colonial tribute as the primary source of income for the state, and, furthermore, continued to explicitly distinguish between the various ethnic divisions within the oppressed groups (Yepes 1972,p.42)

1. The Spanish had not attempted to assimilate the Indian; on the contrary, an anthropology of racial differentiation was constructed (cf. Piel, 1970, p.108) in order to facilitate her/his exploitation (see Chapter 2). In turn the Indian survived by retaining her/his culture, and aspects of the communal mode of production. In this differentiation and oppression was to be found the fuel for regular Indian uprisings, ranging in form from local jacqueries to large-scale resistance movements, generally messianic in form (Pike, 1978).

Political power was restricted to those literate in Spanish, and the Indian was excluded from the common law of the Republic (Piel, 1970); and yet approximately 90% of the population, at the beginning of the Republican era, were classed as Indian peasants.¹

But, despite the clearly discriminatory, racist and elitist nature of the new republic and the oppression, repression and exclusion of the Indian peasant by the white and mestizo, it appears clear that the upper classes had been so weakened and divided by the long wars and preceding economic depression, that just as they were unable to assume central political control, so too, their power in the sierra was, in practice, not wholly predominant (Macera, 1974). Spalding (1975) speaks of a constant struggle in the pre-Pacific War period between rich peasants, Indian communities and 'hacendados', all of whom were involved in the production of wool for the U.K., over land and grazing rights. This is confirmed by Deere's findings (1977) that in the Northern sierra the 'hacendados' did not succeed in making drastic inroads into communal lands until the mid-century onwards; whilst Robert's study of Huancayo, in the central highlands, (1976) reveals an area predominantly made up of small farmers. The evidence appears to contradict Bonilla's implication of a region entirely dominated by the 'hacienda', or by central power. Whilst, therefore, the European-oriented elite had succeeded in establishing a state clearly derivative in form and ideology, which excluded the vast majority of the population, it had failed to achieve control of

1. The marginalisation of the Indian to the Peruvian republican state was an important factor in Chilean victory; Granville commented on the Bolivian Indians' lack of patriotism (F.O. 61/348, 13th December 1883) and Gonzalez Prada wondered why an Indian army should defend a nation from which it had been excluded: "Like the serf of the Middle Ages, he will only fight for the feudal lord." Furthermore, the sierran elite also resisted central state power and undermined the concept of nation: "(The) 'haciendas' are separate kingdoms in the heart-land of the republic.." cited in Latin America Perspectives, 82, p 21.

that state, or therefore of the rest of the country. Moreover, since this state structure was so inappropriate and since no one group was able, through control of it, to achieve political hegemony, the Peruvian nation state was in reality a fiction, incapable of imposing its sovereignty, or homogeneity of language or culture within Peru. This fiction was thoroughly exposed by the War of the Pacific, as was the weakness and disunity of the upper classes. The failure of the Peruvian state was largely due to the uneven and contradictory nature of social relations and systems of production, which were articulated only by external demand, and whose divergence was underlined by racial differences. This structural fragmentation was expressed most clearly in the extreme dissimilarity between the Andean and coastal regions, which increased throughout the 19th century. The divergence further undermined the solidarity of the white upper classes, and, in turn, their ability to establish a unitary state and destroy the Indian community and culture. In fact, it even brought about a superficial degree of regional unity, which complemented the vertical ties established by patron-client relationships. Van den Berghe and Primov write:

"..at one level, the whole Andean population can be said to share an Andean culture that sets it apart from the criollo culture of the coast and which it shares with the Andean parts of the neighbouring Ecuador and Bolivia. Syncretistic religious beliefs, a more or less Quechuaized dialect of Spanish diet, musical tastes, and many other cultural traits distinguish a serrano from a costeno."(1977, p.10)

As a result, as the coast increased in prosperity due to the guano boom, and the sierra sank into relative obscurity, the differences within the Peruvian upper classes were intensified. The resentment felt by the sierran oligarchy towards their more prosperous coastal counterparts was exemplified by Pierola's long and bitter struggle against the Civilistas. Consequently, in one sense the civil war

within the national war may be seen as the culmination of the regional struggle between coast and sierra. This aspect of the conflict highlights most neatly the shallowness of the appeal of nationalism for both sectors of the upper classes, as the coastal property owners sought salvation first with Chile and then America, and the Pierolistas placed their hope in a plan for unification with Bolivia, (Pinillos, 1947).

The conduct of any armed struggle in Peru, however, relied on the participation of Indian soldiery, and also signified a dislocation in the local, and/or central, mechanisms of domination and therefore both provided an opportunity and framework for Indian revolt. It was frequently necessary, in fact, to make concessions to the Indian peasants, either as individual clients or sometimes as a social group. This is reflected in certain decrees which demonstrate a concern for the Indian in contradiction to the generally oppressive tenor of Peruvian legislation, and in the populist approach of certain 'altiplano caudillos', notably Castilla, Pierola and Caceres¹. Moreover, Bolivar's legislation permitting the break-up of the communal lands was suspended until 1850, although this was largely because of the dependence of the Peruvian Treasury on the Indian contribution, which was based on collective responsibility (Piel, 1970, p.119). By the late 1870s, however, social and racial relations in the sierra were, in general, under greater stress than previously, as the position of the Indian had deteriorated. Consequently, as illustrated above, the Indian guerrillas:

"..once in arms..naturally turned not only against the Chilean

1. Kubler notes that caudillos from the sierra used their Indian clients to maintain themselves in power, and that this influenced their policies; for example, Caceres' government, which: "depending upon Indian army personnel, had a great interest in the maintenance of the communities; therefore a high degree of laissez-faire was permitted them.." (1963, p. 354) In general, however, the pro-Indian legislation was not implemented, and the 'caudillos' became dominated by the coastal elite.

army but also against their more ancient and immediate oppressors." (Bonilla, 1978, p,111)

The practical results of this have already been touched upon; in 1882, British Consul Graham described events in this way:

"Montonera bands and large numbers of Indians forced Chilean troops which occupied the interior to withdraw..in withdrawing they destroyed all the towns and villages in their line of march. No quarter is given on either side, and the war is fast becoming a butchery..

Considerable fears have lately been felt here by foreigners regarding their fate in view of the approach of the montoneras, accompanied as they are by hordes of Indians who have been driven to desperation by the outrages which have been committed upon them by the invaders and who are now starving, as the whole of the interior is lying waste.."

(F.O. 61/340, Graham to F. O., 4th August 1882)

The effect of this was to speedily re-unite most sectors of the Peruvian propertied classes in their desire for peace.

The impact of market forces in the shape of increased demand for wool from around the 1840s onwards generated the development of two conflicting dynamics within the Andean region, in the shape of the rich peasant farmer and the semi-capitalist 'hacendado', who clashed in increasing competition over the labour of the poor Indian peasant (Spalding, 1975a). This rivalry, together with the increase in commercialisation and land concentration, began to seriously disrupt the structure of sierran society, and intensified existing ethnic and class hostilities. Obviously the greatest sufferer in this process was the poorer community peasant ; however, Spalding writes that:

"the expansion of the hacienda-based elite took place at the expense not only of rural village society and the small farmer but also at the expense of the local town and quasi-urban centres, whose populations were primarily engaged in activities

that were also undermined by the expansion of the hacienda; transport, petty commerce, and minor bureaucratic office."
(1975, p.4)

Pike, too, notes that from the mid-19th century onwards the Indians, both rich and poor, were increasingly deprived of their communal lands by the 'hacienda', (1978).

The complex results of the expansion in the demand for wool are considered by Smith in a detailed study of Huasicancha in the Central Peruvian Highlands. He notes that the relationship of the petty producer to dominant capital can be of three kinds:

"..rent paid to the controller of productive means..., surplus paid to the merchants in the process of circulation, and..sale of labour power...as polarisation progresses, the same three relationships become evident among the petty producers themselves." (1979, p.287)

However this increase in the exploitation of surplus labour within the community is partly disguised by the traditional relationships between the peasantry (consequently, the white 'hacendado' is always perceived as the prime enemy, both on class and racial grounds). The nature of communal tasks ('la faena' and 'la minga') and exchange of labour ('el ayni'), backed up by the links of kinship, 'compradazgo' and cultural solidarity, had always served to mask the stratified nature of such communities, which were in fact based on assymetrical reciprocity (cf. Meyer and Alberti, 1975 and Chapter 4). As such stratification increased with the penetration of the commodity economy¹, the 'hacendados'' supply of cheap labour was in danger

1. Favre(1977) notes that in order to escape from the oppression of the 'kulaks', poorer peasants began to leave their villages for more inaccessible regions: "from the beginning of the 19th century there is evidence of a continuous movement of the population to the higher ground.."(p.258) Once there they resisted pressure from the wealthy farmers to take part in communal activities. Moreover, conflict was further exacerbated within parts of the sierra by an early expansion of the population and the consequent development of land hunger. It should be noted too that peasant discontent was also evident at this time in Bolivia and Ecuador. (Yu Zubritski, 1979).

of being monopolised by the Indian 'kulaks'. Consequently the 'hacendado' sought to eliminate such competition by attacking the community and reimposing a form of serfdom on landless Indians.¹ It is clear therefore that a 'crystallisation' of feudal relations may take place in response to market demands, producing 'commodity feudalism'. Banaji describes the effects of this process, using the example of Chile:

"Both major phases of expansion of the 'hacienda' in Chile coincided and were closely tied up with the expansion of demand for Chilean grain. The 'hacendado' could expand his volume of sales in such periods only by transforming peasant production into feudally-subjugated simple reproduction. In the course of successive booms, the older 'arrendatario' gradually disappeared from the countryside of central Chile, replaced by a new serf population of 'inquilinos' concentrated in the areas which produced for the wheat market. Peasant livestock rapidly disintegrated in this process, peasant holdings degenerated into subsistence plots, and the earlier more deeply differentiated structure of the peasant population, separating more prosperous tenant households from the remainder, collapsed into a more or less uniformly impoverished mass"(1977,p.26)

The petty bourgeois group of small traders and wealthy or middle peasant farmers provided the leadership² necessary for the sustained mobilization of the peasantry that took place during the Pacific War in the central and southern highlands; unsurprisingly, they took advantage of the struggle to attack white property-owners as well. Smith notes that the increased hostility and oppression from the

1. Soifer and Howe (1981) discuss the development of a similar process in 19th century Brazil, and the consequent increase in structural violence within patron-client relations; as the articulation between merchant capital and pre-capitalist agriculture became established there developed a need to regularly extract a dependable surplus from the peasants. This was largely accomplished by the imposition on them of increasingly exacting bonds by the local 'patron'.

2. Pike (1978) notes the ability of this social group to act both as brokers and shamans, with knowledge of Indian and White cultures, and thus unite the differentiated rural masses behind a radical, populist programme (see Chapter 3).

'hacendados' in the Huasicancha region drove the peasants to take advantage of the war to invade the Hacienda Tucle, and divide its livestock amongst themselves (1979, p.290).

The struggles developing within the central highlands prior to the War of the Pacific, which culminated in the 'campaign of La Brena' under Caceres, were therefore partly rooted in earlier conflicts, and in some ways may be seen as the successors of the Tupac Amaru rebellion. Favre (1975) cites a Chilean commander who, in November 1883, reported that the Indians had:

"..declared that their objective was not to fight the Chileans or the Peruvian peace party, but the entire white race." (p.63)

However, these struggles were rendered more complex by the changing composition and class formation of the region noted above; the actors were motivated by many different objectives - some were anti-capitalist, some anti-feudal, some anti-communal and some may even be termed Quechua nationalists/populists. As a result, once mobilised the initial unity evaporated, and the poorer Indian peasants began to turn on all their oppressors - both rich peasants and mestizos - and act independently of the leadership. Even after their abandonment by Caceres¹ the struggle continued, and sporadic outbreaks of Indian resistance continued to take place throughout the rest of the 19th century. In 1885, in Ancachs, a large-scale Indian uprising took place

1. Once in power Caceres largely capitulated to the demands both of foreign capital, in the form of the Grace Contract, and of the coastal elite. The British Minister commented: "...it is evident that the president has now thrown himself entirely into the arms of the Civilista Party..General Caceres will now become a puppet in the hands of men adroit as well as of superior intelligence, and who will manage him with more tact.." (F.O. 177/189 Mansfield to F.O., 7th October 1886). However, the coastal oligarchy did not achieve direct control of the state machinery until after 1895.

in response to an attack on the communities by the white upper classes in the form of an increase in taxes and the re-establishment of forced labour duties on the communities (cf. Klaiber, 1977; Pike, 1978). Once again an early form of 'indigenismo' emerged in response to this attempted extension of state power, and the 'hacendados'' programme of re-feudalization. Furthermore, this again divided the peasant revolutionaries into those who thought in terms of a Quechua state and unconditional repression of the whites and mestizos, and the moderates who wished to carry out a petty-bourgeois revolt based on an alliance of Indian peasants, and mestizo and poor white farmers and traders against the 'hacendados'. The former strand won, but both groups were crushed by the military force sent out from Lima (Yu Zubritski, 1979, pp. 144-5)

After the War of the Pacific the balance of power in the sierra shifted decisively in favour of white property-owners. The Indian communities and mestizo towns gave way before the 'hacienda', and in 1893 Bolívar's law regarding the break-up of communal property was revived (Piel, 1970). The increased penetration of capitalism thus resulted in a re-feudalization and ruralization of the highlands, as described by Banaji (1977, op. cit.). This widespread concentration of land and economic function took place largely because of the 'hacendados'' political supremacy, enshrined in republican law and expressed in their monopoly of voting power, political office, knowledge of the law, control of patron-client systems and connections with the Lima elite. Prior to the War of the Pacific, the weakness of central state power and the disunity of the upper classes had meant that the provincial oligarchies were unable to utilise these advantages fully. However, after 1895, a modus vivendi was established

between the semi-feudal, semi-capitalist 'hacienda' with the coastal elite¹. This was symbolised in the alliance concluded between Pierola and the Civilistas, which was in turn based on the relationship with foreign capital. Via the railways the provincial elites were also able to participate in Peru's export economy, and achieve political and economic hegemony within the sierra. The sierran-coastal alliance also expressed the contradictory and compromised nature of the oligarchic state². On the one hand, central state power was finally extended, via the railways and via the 'hacendado', into the highlands. At the same time, however, the effectiveness of central power continued to be limited by foreign capital (cf. Cotler, 1979) and by the political autonomy inherent in the 'hacienda', and by Lima's need to rely on such local 'patrones' to control the regions³. This compromise expressed, in turn, the articulation of 'commodity feudalism' with capitalism. The development of capitalism in Peru relied for investment partly on foreign capital and partly on surpluses from the feudal sector, which also supplied labour without the costs of its

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1. Members of the provincial and coastal elites were also allied through ties of kinship and 'compradazgo' (Bravo Bresani, 1970; Gilbert, 1977), and by commercial and financial ties (Rodriguez O., 1980)
 2. This was expressed in the control of the executive by the coastal bourgeoisie, and of the legislature by the sierran landlords. However, this more 'ordered' variant of clientelist politics was still inevitably vulnerable to factional, regional and personal differences, and areas of conflict increased as the interests of the upper classes became more heterogeneous with the diversification of the economy, and growing independence of the capitalist sector (cf. Miller, 1982).
 3. Soiffer and Howe (1982) discuss the changes in elite/state relations that take place as serfdom is extended in response to increased market opportunities; Forman writes: "the key broker of the apical political exchange was the 'coronel', the backlands chieftain, whose place in the hierarchy was dependent upon his ability to deliver municipal votes to the state oligarchy" (1973, pp. 166-167; cited in Soiffer and Howe. Cf. discussion in Chapter 7). The changes result in both a strengthening of the 'patron's' control (vis a vis the peasantry) and a limitation, due to his collaboration with central power, which ultimately extends the influence of the state.

reproduction (cf. Meillassoux, 1964; Terray, 1972; Rey, 1975). In a discussion of the defeat of communal landholding in Bolivia,¹ also beginning in the mid-19th century, Rodriguez O. describes an almost identical development;

"The gestation of capitalism therefore reinforced the feudal structure of agriculture to use it according to the requirements of the patterns of accumulation." (1980, p. 64)

C. 'Ethnic' conflicts; Inter- or Intra-class divisions?

"No longer is it possible to take seriously the view that the peasant is an 'object of history', a form of social life over which historical changes pass, but which contributes nothing to the impetus of these changes." (Barrington Moore, 1977, p. 453)

Spalding (1975) emphasises the political and economic alliance between the feudal and capitalist sectors as the factor in the predominance of the 'hacendado' in the sierra, since it enabled him to utilize his political advantages. However, the defeat of the Indian peasantry must also be explained by the problems that stood and stand in the way of all peasant rebellions, and which are, in a sense, exemplified

1. This attack on Indian agriculture by white property owners was expressed in clearly racist terms. (q.v. Chapter 3, section on internal racial divisions).

by the struggles during the Pacific War. Marx recognized that the peasants could be a revolutionary force, observing that the popular rebellions of the Middle Ages were initiated in the countryside, but that they generally failed because of the isolation of the peasant (in Harding, 1982, p.101). The peasant is isolated in two senses, firstly because of the nature of the work, which is generally individualized, and, secondly, in geographical terms. Moreover, the peasantry, as noted above, is divided amongst itself; it is in competition for land, and stratified in terms of class relationships with each other. Furthermore, the very material conditions of the peasant's work and the impossibility of continuing to struggle without facing future starvation, makes any sustained uprising very difficult, without careful organization. This brings us to the main ingredient for the successful prosecution of a peasant war - an external leadership. In a discussion of peasant rebellions, Wolf identifies the above problems and points out the consequent necessity of outside leadership to undertake the organization and co-ordination of the peasantry, and the difficulty of finding such leadership:

"The rich peasant..is unlikely to embark on the course of rebellion. As employer of the labor of others, as money-lender, as notable co-opted by the State machine, he exercises local power in alliance with external powerholders...Only when an external force..proves capable of destroying these other superior power domains, will the rich peasant lend his support to an uprising." (1971, p.269)

The Pacific War resulted in the collapse of authority relations, and also provided an external leadership in the form of Caceres, who successfully recruited the rich peasantry and mestizo traders to lead the poor peasants. However, the class divisions within the movement were clearly exemplified by the development of a separate consciousness among the poor, Indian peasantry, which was manifested through their subsequent independent action against all their

oppressors¹. This complex stratification of the oppressed groups, and the collapse of the external leadership ultimately defeated the popular resistance, and enabled the white upper classes to establish their complete predominance.

Unfortunately an analysis of the multitude of divisions within the oppressed groups in Peru in terms of class as well as ethnicity is largely neglected by Bonilla. The main problem with his discussion of the racial dimension of the War is his assertion that "ethnic confrontations ..in some ways cut across class lines." It is bizarre to assume class identity between three(or more, given the internal differentiation of the peasantry) groups arising out of historically differentially produced systems of labour exploitation; this lacuna stems from Bonilla's failure to place his argument in the wider context of the hybrid nature of the Peruvian social formation. Analyses which endeavour to hive off some conflicts as resulting exclusively from 'ethnicity' (by which we will assume Bonilla means cultural difference) or 'race' (by which we assume he means identifiable biological difference), can be misleading or counter-productive, and this has been a persistent theme of 'race relations studies' to the present day. As Stuart Hall points out:

"The class relations which inscribe the black fractions of

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1. The question of the revolutionary potential of the peasantry is clearly far more complex than the above brief discussion implies, however it unfortunately largely lies outside the scope of this thesis. It is clear, for instance, that to understand the internal struggles that developed within the peasantry, and in turn defeated them, one should examine the position and role of all the different categories of peasant -'hacienda colono', poor-, medium- and rich peasant, and of their allies, together with a consideration of the regional variations. Another point is that it is evident that the ethnic distinctiveness of the Peruvian peasantry, together with their social and political marginalisation, transformed their rebellions in the late 19th century into a revolutionary project designed to overthrow society, or establish an Inca state. Recognition of this led Mariategui to formulate an Indo-American version of Marxism, centring on the notion of a peasant/worker alliance.

the working class function as race relations. The two are inseparable. Race is the modality, in which class relations are experienced." (1978, p.394)

A comparative analysis would enable Bonilla to see that in the United States at the same period, for example, there was a similar three way hostility between former slave labour, white working class labour and imported migrant labour. "The Chinese," said the Governor of California in 1869, "are a stream of filth and prostitution pouring from Asia, whose servile competition tends to cheapen and degrade labour" (in Brock, 1973, p.436), and in 1877 mobs invaded Chinatown in San Francisco, looting, lynching, robbing and raping. Whilst other Andean republics, during the same period, witnessed peasant uprisings in response to land usurpation, and their failure largely because of the stratification within, and consequent disunity of, the peasantry; for instance, the peasant revolt led by Zarate Wilka in 1898-9 in the Bolivian Highlands. However, the situation of the Indian is more complex since her/his consciousness could also comprehend itself as a class for itself due to its chronic cultural oppression by the white conquerors, even though it was not, as already observed, a coherent class in itself. Varese writes:

"In all of these ethnic groups there is a common historical condition which underlies Indianity as a unifying consciousness. Thus, there is a commonality between the nations that have suffered colonization, invasion, military occupation, territorial and social fragmentation and 'blockade' from the civilizing point of view." (1982, p.39)

But this complex inter-weaving of overdeterminations of cultural and biological differences should not prevent us from examining the way in which these various forms of labour exploitation interacted with each other in class terms; the Pacific War provides us with an insight into this interaction, however, detailed research on this basis has yet to be adequately undertaken.

CHAPTER 11: THE PACIFIC WAR: A CONTEST BETWEEN RIVAL METROPOLITAN
POWERS?

A. Introduction

The external orientation and fundamentally reactionary character of both the Peruvian and Chilean upper classes was illuminated by the Pacific War. In the Peruvian case, the intense social disturbances generated by defeat produced a variety of responses, few of which could be said to be characteristic of a national bourgeoisie.¹ By contrast, Chilean victory may be substantially attributed to the successful working relationship it had established with British capital, whilst even the causes of the conflict may be located partly in the alliance of British and Chilean nitrate merchants. Furthermore, Chilean aggression was also stimulated by the collapse of its export markets and external sources of credit. However Chilean capitalists appeared unprepared to build upon their earlier industrial achievements, and create a domestic market. They refused to accept Pinto's proposed tax reforms, because, in O'Brien's words, they were:

"... unwilling or simply incapable of restructuring the nation's economy. It was by no means unusual for a society entangled in such a dilemma to seek an escape in foreign adventure." (1979, p.107).

Other writers, however, have neglected the Chilean and Peruvian

1. For instance, in 1881, St. John reported to Granville that it appeared that Pierola was ready to sign any agreement with the U.S.A., in return for support, (F.O. 61/333, 22nd June, 1881), whilst most wealthy Peruvians had already fled the country.

part in the war in favour of what Bonilla neatly describes as a 'phantasmagoric interpretation of national history' (1978, p.95), W.J.Dennis, one of the foremost exponents of this school of thought, wrote:

"The war growing out of high nitrate finance came, although it is probable that few people saw the hands that were moving these nations like small pawns for a sacrifice play for big stakes of nitrates." (1972, p.64).

This viewpoint stems mainly from the allegations Blaine made before the U.S. Congress in 1882, which credited Britain with the entire responsibility for the war, and allowed Chile no independence of objectives or actions whatsoever, (in Kiernan, 1955, p.23). However such accusations, apart from demonstrating a strong sense of Anglo-Saxon superiority, in fact formed a crucial element in North America's own imperialist design, by which it was hoped to discredit Britain and establish a North American sphere of influence ¹ (cf. Lafeber, 1963, pp.9 and 21). In June 1882, Secretary of State Freylinghuysen, having replaced the more aggressive Blaine, and revised much of his policy, nevertheless wrote to U.S. Minister Logan:

"The interest which we feel in these belligerent republics does not rest solely and entirely upon a sentiment of neighbourly goodwill towards governments moving with us in the same direction, and with whose people we desire to cultivate close relations of a commercial character..... We have many political interests entirely separate from

1. Blaine's remarks also, partly, rested upon the observation of the minister in Lima, who wrote that Chile's rumoured plan of establishing direct government of Peru..."would be equivalent to establishing the ascendancy of English over American influence on this coast..." (Foreign Relations of the United States, Christiancy to Blaine, 4th May, 1881).

the interests of European governments and in some respects in conflict with them." (Foreign Relations of the United States, 26th June, 1882).

In a sense therefore, a central aspect of the war became the conflict between, and involvement of, the two rival powers.

Kiernan's refutation of Blaine's charge of British involvement is well-known. He has shown that the British interests concerned were of a multifarious and contradictory nature', and remarked that the F.O. found Chile to be as 'obstinate as Peru' (1955, p.28). This appears to be a rather specious and even tautological argument since British capital was obviously not homogenous (cf. Bradby, 1975, pp.129,149); however a state may act in the collective interests of capital, or it may simply respond to the strongest and most influential interests. Moreover, whilst Chile was a strong and relatively independent (and consequently 'obstinate') state, there is abundant evidence that not only did this provoke British admiration, but also resulted in far better conditions for business and trade. This pro-Chilean attitude is explicitly expressed by Spencer St. John in a letter to Granville, written at the end of 1881:

"It appears that there is no other republic on this coast susceptible of any marked development. Chile has had for many years a steady Government, an honest administration, well ordered finances, and has shown remarkable military qualities.

Should the result of the war be to secure to Chile the provinces of Atacama and Tarapaca, it will certainly be to the advantage of foreign commerce..." (F.O. 61/334, St. John to Granville, 27th December, 1881, my emphasis).

Furthermore, the extremely poor relations that existed between the Bondholders and the Peruvian state, and their enthusiastic support for Chile, are well known; at the beginning of 1880 the 'South American Journal' described Chile as the:

"Abdied of South American finance, among the faithless, faithful only she...." (in Blakemore, 1974, p.70)

and, even while the outcome of the war was still uncertain, the 'Standard' (London) commented that Chile:

".... alone amongst the South American republics is worthy of our sympathy, and ... is now engaged at great cost to herself in upholding fairdealing and treating faith against two semi-barbarous opponents..." (24th April, 1879, my emphasis).

One problem in evaluating the respective involvement of the United States and Britain in the war, centres on the elusive question of the style of the intervention.¹ The blatantly aggressive and crude character of many of the North American pronouncements on their role, actual or aspired to, in Latin America, contrasts sharply with the guarded communications between the British diplomatic corps in Lima and the F.O. However, this is not simply a question of styles of diplomacy, but also involves an understanding of the central and immediate role played by the progressive cycle of racist ideology and expansion

1. Note well Marx's comments on the variable form of the state according to different national boundaries, which clearly contradicts the notion of a uniform capitalist state; (Critique of the Gotha Programme in Marx and Engels, 1968, p.327).

in North American history from the mid - 18th Century onwards (Bolt, 1978, p.110; Stedman-Jones, 1972, pp.213-215). This ideology was not the prerogative of the slave owning South (Gutman, 1976, pp. 293-301; Dubois, 1961, pp.24-5; Brock, 1973, p.102), but was also a constituent element of the political groupings who achieved power during the Civil War and in the period of Reconstruction (Brock, op.cit., pp.366-388). Whilst racism was equally an integral aspect of British domination of its colonial empire, and of its approach to most Latin American states (Kiernan, 1972, pp.316-317), the geographical distance facilitated the mediation of this racism through 'scientific' anthropology and popular literature, rather than crude anthropology. In 1912 North American historian Kinley admitted that an obstacle to friendly United States/Latin American relations was that:

"Too many of us have been inclined to think of the people of South America as uncivilized barbarians or even savages.."
(1912, p.59).

Whilst politician Adee noted that many of Freylinghuysen's plans, as articulated in 1882-3, for Latin America had fallen on stony ground since his contemporaries generally:

"believed no good government or good faith was to be expected of 'half breeds' and 'niggers'!"

and consequently saw no future:

"except indefinite continuance of the Spanish American regime of revolutions, repudiation, debased currency, and bankruptcy...." (Adee to Secretary of State, Elihu Root, 24th November, 1906; Document 6, p.323 in Williams 1970).

The British, on the whole, held identical views, especially with regard to Peru and Bolivia, but were generally more circumspect

in their expression.

The difference in diplomatic styles and policies was also rooted in the differing needs of British and North American capitalism; each stage of capitalism has its corresponding dynamic and form of expansion, which largely determines the nature of its relationship with non-capitalist modes. The very immaturity of North American capitalism, and the weakness of its position in South America, forced Washington to resort to annexationist and interventionist tactics. At this stage the overriding need of North American capital was for markets and raw materials (together with cheap goods to alleviate domestic class conflict), and this was apparent in every major foreign policy speech of the period (see documents cited below). The acquisition of markets generally requires the use of force or at least forceful diplomacy (cf. British tactics from the 1820s to 1840s, which helped to 'persuade' South American governments to adopt free trade). By contrast, by the 1870s British interests were firmly established in the area, although the economic depression, the development of competition, and the increasing need to protect British finance capital, were beginning to encourage a slightly more interventionist approach. A further difference, of course, lay in South America's proximity to the United States which both fostered the 'backyard notion' and also made it the obvious market for North American goods, whereas it was inevitably of less concern to Great Britain.

The result of these differences was a sharp divergence in diplomatic

styles (which may also be attributed simply to unprofessional gaucherie or naivety on the part of the Americans.¹), which in fact served to mask an underlying similarity of intent. It is an extreme irony, therefore, that skilful British diplomacy should have helped to bring about the Grace Contract, which became one of the major mechanisms by which the United States, in spite of its diplomatic blunders, would finally achieve hegemony in Peru.

B. The United States and the Pacific War

The Monroe Doctrine (2nd December, 1823) enshrined the principal themes that would characterise North American involvement in Latin America during the 19th Century. Enunciated in part as a response to the threat of intervention by the Holy Alliance, and in the rejection of a proposed joint United States/British guarantee of Latin American Independence, it attempted to establish the former Spanish empire as a uniquely North American sphere of influence. Integral to this strategem was the subsequent refusal to recognise the rights of any other powers to intervene or mediate in any way in Latin American affairs. This stance was justified by North America's position as the first ex-colony, (Stedman-Jones, 1972, p.201) - the 'older sister'² - and by its consequent moral superiority,

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1. Kiernan notes that this was also the result of the absence of a traditional aristocracy, and that consequently the United States had no diplomatic service "worth the name"; furthermore "America had no notion of official employment being more reputable than commerce and it was unquestionably less lucrative". (1974, pp.105-97). This helps explain too the frequency with which North American diplomats became involved in corrupt deals, q.v. Appendix.
 2. In 1878, Gibbs described Peru as "...a young republic struggling to open and receive commercial exchanges from her older sister..." (Foreign Relations of the United States, Gibbs to Evarts, 25th June, 1878).

which stood in sharp contrast with European decadence. Stemming from this was the supposed uniqueness and uniformity of American sociopolitical conditions (Petras, Erisman, and Mills 1973), and this, in turn, was used to justify the establishment of supra-national, Panamerican organisations through which the United States would assert both its moral and economic leadership of the continent. In reality, the North American attitude towards Latin Americans was, as indicated above, even more racist and insular than was the British. The Darwinian views of clergyman Josiah Strong were by no means exceptional:

"Then this (Anglo-Saxon) race of unequalled energy, with all the majesty of numbers and the might of wealth behind it - the representative, let us hope, of the largest liberty, the purest Christianity, the highest civilization - having developed peculiarly aggressive traits calculated to impress its institutions upon mankind, will spread itself over the earth. If I read not amiss, this powerful race will move down upon Mexico, down upon Central and South America, out upon the islands of the sea, over upon Africa and beyond. And can anyone doubt that the result of this competition of races will be the 'survival of the fittest'?" (1885; in Chilcote and Edelstein, 1974, p.15).

During the first half of the 19th Century, however, North American expansionism was largely confined to seizure of adjacent territories, and to the realm of ideas. The invisible empire of commercial ascendancy in South America was, as yet, beyond the industrial capacity and competitive ability of the United States. However the vision of the internal continental empire implicit in the Monroe Doctrine, continued to be fostered by such ideologues as Mathew

Fontaine Maury who (as an adviser on problems of transport and commerce to Southern businessmen), in the late 1840s and 50s propounded the view that the Mississippi and Amazon rivers should be united to form the basis of a huge continental maritime complex, under the aegis of the United States. He also proposed the building of an Isthmian Canal, together with a Pacific railroad, through which the United States could not only politically dominate Latin America, but also overcome the:

".... barrier that separates us from the markets of 600 millions of people - three quarters of the population of the earth. Break it down... and this country is placed midway between Europe and Asia; this sea (Gulf of Mexico and the Caribbean) becomes the centre of the world and the focus of the world's commerce". (cited in Vevier, 1970, p.288, my emphasis).

North American jingoism was stimulated by the successful prosecution of the U.S. - Mexican War, and, in its exuberant aftermath, an influential group in the Democratic Party adopted the slogan 'Young America'. At the centre of their philosophy lay an expansive, 'macho' republicanism, which conferred upon the American people a mission to extend its institutions throughout the world, beginning with the annexation of Cuba (Kiernan, 1974, p.102). In 1852, Edmund Burke wrote to the nominee of the Democratic Party:

"The grand ideas which are potent in the election are sympathy for the liberals of Europe, the expansion of the American Republic southward and westward, and the grasping of the magnificent purse of the commerce of the Pacific, in short, the ideas for which the term 'Young America' is the symbol." (Burke to Pierce, cited in Curti, 1970, p.249),

and it was in the mid 19th Century that John L. O'Sullivan pronounced it to be the 'manifest destiny' of the United States to embark upon territorial expansion.

However, in practice, during the first half of the 19th Century, the Monroe Doctrine was contradicted by the reality of British ascendancy. But, despite the limited nature of United States actions, and presence in the Southern hemisphere, the South Americans were not blind to North American ambitions, nor wholly deceived by the high moral tone of their pronouncements. In 1838 the Peruvian Ambassador to Paris made the following cynical analysis of North American foreign policy:

"Pour ce qui regarde les États Unis, leur politique se montre plus a découvert. L'affaire de Texas n'est pas un fait isolé; il se lie à un plan d'operations qui se poursuit avec constance. Au commencement de 1838, le 'North Carolina' des 102 canons, ayant a son bord 50 caisses de fusils, et une vaste provision de munitions de guerre, se presenta sur les eaux de la Mer Pacifique où deux frigates de guerre et trois brulots americains, paraissent déjà plus que suffisans pour la protection de leur commerce dans ses passages...

Il serait en outre trop long de detailler toutes les petites tracasseries, que les gens diplomatiques et consulars des Etats Unis, ne cessent de susciter tous les jours aux gouvernements Sud Americains tous les actes de jalousie ... pour les quels ils font connaître leur dépit contre l'influence anglaise; toutes les demarches qu'ils ont faites, et toutes les seductions qu'ils ont mis en oeuvre, pour approvisionner exclusivement de farine tous les marchés du Perou..." (F.O. 61/56, Mora to F.O., 17th December, 1838).

By the late 1860s and 70s a variety of factors had coalesced to produce both a more favourable environment for the aspirations of the United States, and urgent need for their fulfillment. Consolidation of the North American polity together with a huge expansion of its industrial and agricultural capacity, coincided with the 'closing of the frontier'.¹ Reconstruction, following the Civil War, was consequently accompanied by a determination to implement the Monroe Doctrine (Crapol, 1973, pp.43-63). Earlier, on the eve of the Civil War, Secretary of State Seward had predicted that the moment for 'positive' action in Latin America was approaching.

"I can look to the South West and see, amid all the convulsions that are breaking the Spanish American Republics, and in their rapid decay and dissolution, the preparatory stage for their reorganisation in free, equal and self governing members of the United States...." (Speech delivered in Minnesota, 18th September, 1860, document 1, p.314 in Williams, 1970, Vol.I).

and in a letter to the North American Minister in Lima, he made it clear that this involved the elimination of all forms of European influence:

"... there cannot permanently exist two antagonistical systems of government upon this continent, nor can there always be two commercial systems upon this continent, one of which must have its centre here, and the other in Europe."

(Foreign Relations of the United States, (1863), Seward to Nelson, 19th June, 1862).

1. It is evident that in general North American foreign policy at this time was designed to fulfill the role of imperialist adventure as indicated by Marx (in Feuer, 1959, p.404), to alleviate class (and intra-class) conflict at home, recently intensified by the Civil War and a cycle of severe economic depressions, (Lafeber, 1963, pp.11/12). At this stage, U.S. capital therefore required markets and raw materials (cf. Luxembourg, 1972, pp. 59-60). The need to export capital was not a prime consideration.

An opportunity to expand North American influence, and consequently win markets, presented itself with the Peruvian-Spanish War; therefore offers of mediation were made, along with attempts to prevent any European involvement in the affair. As with the Pacific War, the United States sought to establish its unique prerogative to protect and regulate Latin American affairs, and in 1867, the American Minister Kilpatrick reported to Seward, with some relief, that the proposed French and English arbitration, accepted by Spain, had been refused by the West Coast powers:

"... the proposition ... was rejected... on account of.. a want of confidence that the allied republics have in the sincerity of the friendly feeling manifested by the governments of England and France.

I have watched with no little anxiety, the efforts ... made ... to adjust this difficulty, knowing... the great advantage it would give these two powers on this coast if their efforts proved successful." (Foreign Relations of the United States, Kilpatrick to Seward, 2nd January, 1867).

However, in fact, the North American proposals were also initially refused¹; but in 1870 President Grant was able to announce to the United States Congress, in an illuminating annual message that:

"The long deferred peace conference between Spain and the allied South American republics has been inaugurated in Washington under the auspices of the United States The allied and other republics of Spanish origin, on this

1. An integral aspect of this self-ascribed role was the extraordinary myopia and self delusion that characterised the North American approach, which resulted in cycles of ludicrous overconfidence followed by humiliating rejections, and diplomatic failures. Despite North America's own history of expansionism in the area, in 1864 Nelson wrote to Seward that: "... the change of conduct and policy of European powers towards the republics of this continent is attributed to the existence of the rebellion of the United States. But for this, it is thought that there would have been no interference in the affairs of Santo Domingo, Mexico, or Peru..." (Foreign Relations of the United States, Nelson to Seward, 16th May, 1864).

continent, may see in this fact a new proof of our sincere interest in their welfare; of our desire to see them blessed with good governments, capable of maintaining order and of preserving their respective territorial integrity; of our sincere wish to extend our own commercial and social relations with them. The time is probably not far distant when, in the natural course of events the European political connection with this continent will cease. Our policy should be shaped ... so as to ally the commercial interests of the Spanish American states more closely to our own, and thus give the United States all the pre-eminence and all the advantages which Mr. Monroe, Mr. Adams and Mr. Clay contemplated..."

Grant then proceeded to discuss the desirability of 'acquiring' Santo Domingo; which would also be:

"an adherence to the Monroe Doctrine."

He went on to produce all the justifications of such a policy that would later be used in defence of North America's penetration of Latin America, linking it to a great moral cause and describing it as:

" ... a measure of national protection; it is asserting our just claim to a controlling influence over the great commercial traffic soon to flow from West to East; it is to furnish new markets for the products of our farms, shops and manufacturers; ... it is to furnish our citizens with the necessaries of everyday life at cheaper rates than ever before.."

(Foreign Relations of the United States, (Peru, 1871),
Presidential Annual Message to Congress, 5th December, 1870).

In fact, control of certain Caribbean islands constituted the strategic element in a general offensive on the Latin American economies. ¹

1. Grant was also the first North American President to clearly formulate the non-transfer principle, by which, together with an 'active' Monroe Doctrine, it was hoped to supersede Europe.

The War of the Pacific was seized upon by Secretary of State Blaine (a fervent expansionist) because of its potential for strengthening the North American position on the West Coast through the strategy of peacemaker. The situation also presented many features feared by the United States. The close connections that had always existed between sectors of the Chilean and British elites, recently stimulated by collaboration in the nitrate industry, together with the independence and solidity of the Chilean state, represented a potential threat to North America's pretensions. Moreover Chile had long made it clear that it was aware of North American ambitions; it had expressed grave objections to the United States-Mexico War in 1846, and, later on, had successfully squashed a United States project to purchase the Galapagos Islands, through its cautionary advice to Ecuador. More recently, relations between the two states had deteriorated further as the Californian market for Chilean wheat began to be supplied by California itself,¹ and as increasingly vicious racial attacks were perpetuated against Chilean migrant workers in the United States (Evans, 1927). Then in 1867 Washington's initial attempt to hold a Peace Conference in order to arbitrate the Spanish-Peruvian war was torpedoed by Chile's refusal to attend. Furthermore, on the outbreak of war the commerce between the two countries was very slight, and no Trade Treaty was in existence.

By contrast North American influence in Peru did appear to be

1. In a sense Chile and the United States were competitors, in economic terms, as major wheat exporters, and in the sense that both sought to establish their predominance on the Pacific Coast of South America.

expanding; notably in the shape of such entrepreneurs as Meiggs and Grace, and through increased capital goods exports, (Bollinger 1972). Moreover, with the consolidation of French interests, through the Dreyfus contract,¹ together with the deterioration of British-Peruvian relations in consequence of the default on the external debt, and the 'Estanco' policy, it was apparent that British predominance was less assured than in Chile. It therefore appeared to be an opportune moment to attempt the creation of a North American sphere of influence.

United States policy, during the Pacific War, fluctuated as foreign affairs came under the directorship of three different secretaries of State, whilst a bewildering succession of generally incompetent diplomats represented North America on the West Coast. In 1879 President Hayes observed that it was the Nation's destiny to annex all neighbouring lands, including Canada, (in Kiernan, 1974, p.104), and at its most extreme, North American policy did encompass the possibility of territorial annexation. However Evarts, Secretary of State at the outbreak of war, was mainly concerned to contest European influence through unilateral mediation on the part of the United States. Consequently he

1. The interests of Dreyfus and his associates, the Credit Industriel, were diametrically opposed to those of the British Bondholders. Consequently a complex relationship was later established between Calderon, who needed support as the President of Peru, French capital and the United States. Blaine was later accused by a Congress Investigating Committee of agreeing to establish a North American protectorate over Peru, in exchange for Credit Industriel lending Peru enough money to pay an indemnity to Chile. In return the Credit Industriel would retain control of the guano.

refused to join European proposals (made in 1880) of joint mediation ¹, and instead organized the Lackawanna Conference. The total failure of this peacemaking effort, (F.O. 61/326, 13th September, 1880), made Washington, according to a prominent North American newspaper, the laughing stock of South America (Peterson, 1969, p.8.). It also set the pattern for subsequent efforts to bring about a settlement, all of which were clumsy, unsuccessful and resulted in the unnecessary prolongation of the state of war.

In March, 1881, Blaine became Secretary of State; Peru at this stage was already, effectively, a defeated country. However, undeterred, Blaine initiated an aggressive policy designed to preserve Peruvian territorial integrity, and deter British and Chilean 'machinations'. ² In this he was encouraged by the vision of the 'man on the spot'; in May, 1881, Christiency reported the many benefits that a monopoly of Peruvian trade would bring to the United States. Furthermore:

"The great mass of all classes of Peruvians feel a very strong attachment to the United States and a bitter hatred to England.... the only effectual way for the United States to control the commerce of Peru, and to preserve a commanding

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1. In the middle of 1880 St. John wrote to the F.O. describing the reaction of the North American Minister to the invitation issued by himself and the French Minister to consider joint mediations, "... his instructions were strongly to oppose any attempt at intervention on the part of other nations. As far as we are aware in Lima no foreign power has ever thought of intervention in the affairs of this republic, and we cannot imagine at what government this warning is especially aimed." (F.O. 61/326, 7th June, 1880).
 2. He also hoped to obtain (secretly) nitrate concessions for North American capitalists, and this was obviously a further reason for the need to preserve Peru's territorial integrity. Calderon was willing to grant such concessions. (Pike, 1967, p.148).

or even a material influence along this coast, is either actively to intervene in compelling a settlement of peace upon reasonable terms, or to control Peru by a protectorate or by annexation

Unless the United States takes one of these courses in the present emergency the 'Monroe Doctrine' will be considered a myth in all South American states...."

Consequently, Christiancy proposed that Peru be annexed for ten years, during which time, through investment and the immigration of approximately a hundred North Americans, Peru would be thoroughly 'Americanized', and could even be 'admitted' as one of the States:

"In that ten years Peru would become wholly North American in its ideas. These projects have lately been often and sharply pressed upon me by Peruvians... Peru under the control of our country, we should control all the other republics of South America, and the Monroe Doctrine would become a verity..." (Foreign Relations of the United States, Christiancy to Blaine, 4th May, 1881).

and Christinacy's extravagant schemes were continued by his successor Hurlbutt ¹, who considered that the time had come:

"... for the United States to say very kindly, but very firmly, to Chile, that war has fulfilled all its legitimate purposes..." (Foreign Relations of the United States, Hurlbutt to Blaine 10th August, 1881).

Blaine's attempts to preserve Peruvian territory intact and thus convert Peru into a client state and captive market, were doomed to failure not because of any unwillingness on the part of the

1. | As well as by the North American Minister in Bolivia, Adams, who wrote: "Should, with our help, peace be established, the bearing on our future relations and our commerce can hardly be estimated... This country needs only some American enterprise, capital and immigrants to make it one of the most prosperous countries in the world." (cited in F.O. 61/333, St. John to F.O., 22nd June, 1881).

Peruvian coastal elite, but because of Chilean military strength and the calibre of his diplomatic staff. He was considerably hampered by the doubtful and speculative activities of Christiency (cf. F.O. 61/326, 10th December, 1880), and later Hurlbutt, both of whom became involved in a variety of shady deals with Peruvian and North American capitalists, making it ultimately impossible for Washington to support them. Hurlbutt developed a particularly close relationship with Calderon, which resulted in the almost total dependence of the Provisional Government on the North American Minister, and its consequent dissolution. The sequence of events in 1881 demonstrates quite clearly both the lack of national consciousness on the part of the Peruvian propertied classes, and the wholly negative effect of North American diplomacy, for Peru, on the outcome of the war.

On the 24th August Quimper, the former Minister of Internal Affairs, and a personal friend of Chilean President Santa Maria, informed Hurlbutt that it appeared possible that Chile might accept an indemnity instead of territorial concession. (Shurtleff, 1928). Consequently the North American Minister wrote to the Commander of the Chilean forces in Peru, Lynch, that the United States recognised Chile's right to an indemnity, but would most strongly oppose territorial annexation. (Foreign Relations of the United States, 25th August, 1881). As a result of this intervention Lynch seized the Peruvian treasury; however this appeared to push Calderon even closer to Hurlbutt, to whom he made available all government papers, offered the United States

the use of Chimbote, and handed over to Hurlbutt the partially built Chimbote railway line. (F.O. 61/339, 22nd March, 1882). This not only involved too great a commitment on the part of Washington for Blaine, but also moved the Chileans to arrest Calderon. St John reported the news to the F.O.:

"It is stated that not only was the Provisional Government prepared to cede the working of the guano and nitrate to the American Company, but that Mr. Garcia Calderon actually signed a secret convention with the American Minister by which the fine harbour of Chimbote was to be handed over to the United States as a naval base..." (F.O. 61/334, 22nd November, 1881).

However Blaine's own efforts to prevent Chilean annexation of the nitrate districts were almost equally incompetent and unsuccessful. On receipt of the news of Calderon's exile to Chile he sent out a special mission, in the form of Trescott and his son, William Blaine. Their instructions were to demand that Chile explain its treatment of Calderon, permit the Peruvians to set up a new government, and agree to peace on the basis of payment of a reasonable indemnity by Peru. Furthermore, if Chile refused to comply with these requests, Trescott was instructed to break off diplomatic relations. In the event Blaine was replaced by Freylinghuysen while Trescott was still en route, and the new Secretary of State did not wholly endorse Blaine's hectoring approach (F.O. 61/340, 29th March, 1882).

At the end of 1882, in the annual Presidential message to Congress, President Chester A. Arthur conceded that the North American policy

in the Pacific War had been an utter failure.¹ (in Peterson, 1969, p.16). As a result, support for Iglesias and peace with Chile gained in popularity, whilst Montero requested European mediation. The British diplomat, Graham, was highly unenthusiastic:

"I pointed out that on several occasions Great Britain, acting with some of the other great nations of Europe, had offered to mediate between the belligerents and had been unceremoniously set aside by the Peruvian Government, who had preferred to throw themselves into the arms of the United States, and that now the much vaunted intervention of that country had ended in complete fiasco, Peru wished once more to turn towards European support....."

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1. In 1890, prompted by North America's success in establishing an International American Conference (or Pan-American Congress), Sir Julian Pauncefote drew up a memo summarising the principal aspects of the United States intervention in the Pacific War:

"Mr. Blaine was drawn into a diplomatic intervention His first position was that the United States had a moral right and duty to use its good offices in preventing embitterment and devastation among the American nations, which could only injure Republican institutions, and promote an assumed desire on the part of European powers to exploit the American Continent for their own sinister advantage. This intervention was resented by Chile, which suspected Mr. Blaine of a primary purpose to minimize the fruits of victory, and a secondary purpose to establish the United States as the self-constituted arbiter of the political affairs of the American Continent."

The failure of this approach caused Blaine to change his tactics; he therefore, "declared that the arrangements proposed by Chile respecting Peru were incompatible with the national interests of the United States, and with the ... obligations of Peru to certain American citizens..." When this and the subsequent Trescott mission also failed "Chile and Peru were both left in a state of resentment, the abortive intervention having prolonged the war." Pauncefote then proceeded to discuss the reasons for North American policy, which he considered to be overproduction, severe industrial depression and a widespread popular demand for foreign markets. Consequently a Committee on Foreign Relations had subsequently been set up to produce schemes designed to enlarge North American trade with Latin America. The Pan-American Conference formed part of one such scheme and clearly represented a threat to British interests. However, Pauncefote noted that "South American social and intellectual intercourse are with Europe" and that "Chile did not favour the Conference... She is not lamenting the absence of North American influence and intercourse South of the Darien Isthmus." (F.O. 177/199, 15th February, 1890).

I also availed myself of the opportunity to point out that a great deal had been written and spoken for some time past respecting the Monroe Doctrine, and that we had heard often the statement of "America for the Americans", but that I gathered from my long experience in these countries and in Central America that the doctrine really meant 'America for the United States', and that I doubted very much whether countries such as Great Britain, who possessed a commerce ten times more extensive in South America than that of the United States, and whose interests were incalculably more engaged in the welfare of South America, being desirous of lending its support for furthering the views of the politicians whose ambitions had placed the United States in her present unenviable position in the whole of the continent." (F.O. 61/339, Graham to F.O., 18th May, 1882).

C. The Question of British Involvement

In an assessment of the role of the British and North Americans in the War of the Pacific, written in 1928, Shurtleff commented:

"England's influence in Chile made her very unpopular in Peru by March of 1880, since many of the businessmen of Chile were English, as were the majority of the efficient men in her navy. Added to this was the acceptance, by many English holders of Peruvian bonds, of the proffer of Chile to take guano under Chilean authority from Peruvian guano beds, which intensified the hostile feeling of the Peruvians for the English, and many Peruvians suspected the captains of steamers to be furnishing Chile with information concerning Peru." (in 'West Coast Leader', 13th November, 1928, p.9.).

There is clear evidence to sustain Shurtleff's allegations of support for the Chilean cause by private British citizens.¹ However, in

1. Although Kiernan (1955) largely refutes any substantial British involvement.

contrast to the openly interventionist policy adopted by Washington, the question of the policy of the British government is controversial, and serves as a paradigm for the debate over the correct characterisation of the H.M.G.'s role in South America during the 19th Century (cf. Platt, 1968, 1972a; Robinson and Gallagher, 1953; Mayo, 1980; Brown 1963; Mathew 1968; Ferns 1960; Winn 1976).

Platt's apologia for British capital may be summarised by his assertion that:

"equality of treatment was all that was asked." (1968, p.312).

This observation is founded upon his interpretation of Castlereagh and Canning's policies as being totally non-interventionist, and on this basis he attempts to demonstrate that charges of imperialism or informal empire are irrelevant to the Latin American experience:

".. the claims that (British diplomacy) ... had anything to do, except in the most indirect sense, with the political condition of Latin America after the Emancipation is misconceived ... Latin America alone was wholly apolitical.. British statesmen resolutely refused to intervene or to become entangled in the internal political affairs of the Continent..." (1968,p312).

It is clear that in part the disagreement arises from a semantic difference; Platt's interpretation of 'political' and 'imperialism' appears to be extremely narrow, political presumably referring to the machinery of government alone, whilst imperialism can only be conceived of in terms of formal empires, forcible plunder and so on.

However, even employing these concepts in Platt's limited sense, his conclusions are highly questionable, as the earlier discussion (in Chapter 7) of foreign capital in Peru indicates. Platt glosses over all instances of British interventionism as exceptional; thus the fierce, and crucial, diplomatic attack on the policy of protectionism in the early history of the republics is reduced to,

"a brief and painful exception in the 1840s ...",

and strict non-intervention:

"... was the policy which was observed thereafter."

(ibid, p.316).

Furthermore all subsequent examples of direct, political involvement by H.M.G., or by British capitalists, are dismissed as aberrations, (cf. Mayo, 1980), whilst the need of the Latin American economies for the expertise, and capital of the British is constantly stressed. Consequently, in Platt's schema the emergence of collaborationist elites in Latin America¹ does not demonstrate the success of British imperialism, but, instead, is evidence of the weakness of the British in South America who were forced to co-operate with local elites (1972a, p. 311). Platt writes:

"While something which could be described as a controlling relationship undoubtedly existed in particular areas of contact between British entrepreneurs and Latin Americans we should be careful in defining 'pre-eminence', 'hegemony', 'supremacy' ... before such blanket terms are used in the context of British financial and commercial

1. The emergence, or resurgence, of such a comprador group in Peru by the late 1840s obviously did lessen the need for diplomatic interventions (cf. Gootenberg 1982), as did free trade policies, and the British competitive advantage. Non-interference therefore did become the norm.

activity in Latin America before 1914... When the study of simple, legitimate business enterprise, on the small scale common in the 19th Century is taken further, the emphasis is more likely to be on the limitations to the discretion and authority of the foreign entrepreneur..... His only real safeguard was his independence....." (1979a, p. 206, my emphasis)

and in fact:

"British enterprise in Latin America before 1914 provides a rare example ... of private enterprise operating on a large scale in an underdeveloped area without diplomatic promotion or assistance. (ibid, p.296).

This abstracted empiricism and microscopic interpretation (phrased in notably emotive language) has been adequately refuted by the findings of a body of historical research (for instance, Yepes, 1972, Bonilla, 1970; Gootenberg, 1982, Macera, 1974) including the present study, (cf. pp.192-96). Even Castlereagh, the supposedly steadfast proponent of the 'fair field and no favour' policy, advocated that England employ its power to oppose the pretensions of European rivals to establish British ascendancy and direct its policy to:

"creating and supporting an amicable and local government, with which these commercial relations may freely subsist, which it is alone our interest to aim at, and which the people of South America must equally desire." (In Winn, 1976, p.102)

Such objectives are in fact not dissimilar to those of the State Department in the 1870s (which I imagine few would describe as non-interventionist or 'apolitical'). In 1877 President Hayes gave his blessing to a proposed mission by the 'Associated Industries Organisation', which stated its aims as being:

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"... not merely to sell a few goods and to obtain the small proceeds of irregular sales; it is to introduce into their entire social system the general features of our own social life, with its far greater production and consumption of the products of skill and industry." (Blodget to Hayes, 3rd December, 1877, cited in Crapol, 1973, p.54).

However, what is fundamentally at issue is not simply a semantic difference or a selective use of historical evidence, but a total misunderstanding of the meaning of imperialism, and, therefore, of the dynamics of capitalism and the correlated motive forces generated in the 'periphery'. It is clear that, like the State Department in the 1870s, the twin factors in the 1840s of violent class conflict at home and the need to obtain markets abroad impelled H.M.G. upon a course of direct intervention throughout the non-capitalist world.¹ As Marx and Engels noted in their writing on Ireland, this in turn resulted in the deformation of the economies at the periphery of the international system, and their redirection towards monoculture for export. However, the degree of intervention depended upon a variety of other factors, centring on the perceived potential of the area for future exploitation, and the presence or absence of a collaborative group (Robinson and Gallagher 1953). Once markets had been secured, the importance of this 'feudal/mercantile - imperialist' alliance (cf. Cotler, 1979, p.262; Gootenberg, 1982) became paramount in order to establish a political and legal system

1. In fact British intervention in the War between Chile and the Peruvian-Bolivian Confederation (cf. F.O. 61/58 Wilson to F.O., 1st February, 1839) may be compared to the North American diplomatic effort during the War of the Pacific.

suiting to the needs of expanded reproduction .¹ Thereafter, until the classic 'Age of Imperialism', when both competition with other capitalist states and heavy overseas investment increased the importance of H.M.G.'s active protection², there was no need for policies of direct control or 'political' involvement.

However, one of the interesting aspects of the War of the Pacific is its occurrence at the time of the development of the 'new imperialism'³, and its coincidence with French and British intervention to retain control of Egypt. Furthermore, there are

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1. Certain states offered better guarantees for business than did others, because of the ability of the export oligarchy to achieve national integration and regularise class conflict (i.e. Chile); as indicated throughout this work, suitable political and legal conditions were never really established in Peru or Bolivia before the War of the Pacific, which is why, as will be shown below, H.M.G. and British capital backed Chile. In 1882, Graham wrote from Lima: "... almost all foreigners would look upon the departure of Chilean forces with fear and apprehension, as being the signal for fresh series of revolutions and disturbances of a sanguinary nature, such as have always marked the history of this unfortunate country since the day it shook off the yoke of the mother country." (F.O. 61/339, 12th April, 1882, Graham to F.O., my emphasis).
 2. Kurth writes: "... the inability of weak and corrupt governments to meet their bond payments led Britain in the 1870s and 1880s to intervention and even annexation. Thus began the first steps toward 'the new imperialism'." (1979, p.344); and a contemporary commented on the invasion of Egypt in 1882: "It is a stock-jobber's war, we shall very likely have more of this sort of thing." (cited in Owen, 1972, pp.195-6). However this form of investment was not the major cause of the new interventionism as I shall indicate below; whilst the cause of the Bondholders was a popular one, it was generally preferred by both public and government that H.M.G.'s involvement be low-key. Military interventions were usually made only when they were considered to be in the collective interests of British capitalism and state, even if the immediate casus belli was default on a government loan.
 3. Of which North American expansionism and competition with the United Kingdom was a prominent feature.

clear, if superficial, parallels between the Egyptian and Peruvian cases, apparently demonstrating the homoficence of capitalism (Rey, 1973); both present excellent examples of 'enclave' societies, (Cotler, 1979).

A free trade policy was imposed in Egypt in 1841 after which the national economy gradually became dominated by an export sector based on cotton, and employing semi-capitalist relations (Clawson, 1981). This modern 'enclave' was controlled by an alliance of European and Levantine merchants whose:

"commercial success enabled them to corrupt and exploit, but not to reform or direct, the political regime." (Robinson, 1972, p.131) (cf. the Civilistas).

Therefore political and social conditions were never wholly satisfactory for business interests, whilst the political anarchy itself derived partly from the simplification and transformation of the Egyptian economy in conformation to the needs of international capital. The great financial boom following the end of the first railway era in the 1840s led to the easy availability of capital ¹, which was especially attracted to speculative investment abroad (Landes, 1958, pp.47-68). The Khedivate, like the Peruvian Government, was thus able to borrow enormous amounts ², which were used partly in an effort to create a modern state structure, (Owen, 1972, pp.202-4) and partly on non-productive projects such as prestige public works, the military and patronage. ³

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1. On the 30th November, 1869 'The Times' noted the over-abundance of capital and remarked that "the only legitimate means of disposing of it must be by lending it to foreign nations."
 2. On default the Egyptian external debt amounted to approximately £100 million (Owen 1972, p.201) and the Peruvian to £32 million; both were owed to predominantly British and then French bondholders.
 3. Thus demonstrating the same contradictory and transitional features embodied in the Peruvian state.

With the onset of the world depression Egypt became bankrupt (1876). From this point on Egyptian and Peruvian history diverges, as the British and French Governments stepped in to impose financial and constitutional reforms in order to prop up the Egyptian state, (although such reforms were also requested of Peru by the Bondholders H.M.G and Dreyfus). As a result of this intervention, the fragile and fragmented social and political structure of Egypt collapsed; Robinson describes a series of events similar to the sierran rebellions and the anti-British, Pierolista revolution:

"By 1881 ... the collaborating Khedivate had lost control of indigenous politics to a neo-traditional reaction riding a wave of popular anti-foreign feeling. Confronted with the collapse, Britain and France had two choices: to scrap their commercial interest in the country or to pick up the pieces and reconstruct the collaborative mechanism by throwing their own weight into Egypt's internal politics." (Robinson, 1972, p.131).

Several factors differentiated the disintegration of the Peruvian state from the Khedivate, making British overt intervention quite unnecessary (however it will be shown that H.M.G. was involved in the Pacific War). As discussed below, prior to the war the British had three main grievances against the Peruvian state - the default on the external debt, the generally anarchic condition of society, which at times seriously disrupted business, and Peruvian interference with trade ¹ and industry, most notably

1! Relations had frequently been poisoned by British complaints about government decrees; in 1877 a member of the Board of Trade reported on new trade regulations and the duties that were to be imposed on guano and nitrate, and recommended that a strong protest be made to the Peruvian government, since the new regulations were " .. arbitrary and injurious to trade..." (B.T. 12 12 157 (465) Giffen to F.O. 5th March, 1877).

in the form of the 'Estanco'. These problems could generally be overcome, or alleviated, by Chilean annexation¹ of the districts most important to British capitalism and on which the external loan had been hypothecated. Since therefore British and Chilean capital were united by mutual interests and objectives, and since Chile was a cohesive state and clearly militarily superior², official intervention on its side by H.M.G. was both inexpedient, undesirable and superfluous. It would exacerbate the Anglophobia already widely felt in Peru, and provoke a confrontation with the U.S.A. Furthermore, unlike Egypt, Peru was essentially of no strategic importance to Britain, and was not located in an area of, and close to, traditional economic interests. Peru was not perceived as the gateway to vast potential wealth. The survival of the Egyptian state (under British Control) was seen as vital to the collective interests of British Capitalism³, whereas in

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1. This is not to imply that the Chilean elite was a mere puppet in the hands of the British; their interests coincided.
 2. Kiernan's assertion that prior to the Pacific War it was generally considered that Chile was weaker than Peru is unsupported by evidence; furthermore given the history of Chilean victories against Peru and Bolivia, the organised and 'national' character of its army and navy and the British belief in its almost Anglo-Saxon qualities, it is quite illogical. In fact the Chilean navy (which owed much in terms of organization and ships to the British) was recognised to be almost equal to the North American fleet.
 3. Indeed Lord Cromer wrote that by the time of the British attack on Alexandria: "the question of protecting European financial interests in Egypt had fallen completely into the background." (cited in Kiernan, 1974, p.78). Kiernan proceeds to point out that: "the cry of 'India in danger' was a convenient one for financiers and concession-hunters... for anyone with an eye on Burmese timber, Yunnan railways, Malayan rubber, or Persian oil.... it was a plausible excuse...." (ibid, pp.82/3).

the case of Peru, in the words of the British representative in Chile:

"I cannot think that mankind in general, and this country, (Great Britain) in particular will suffer by her (Peru's) enfeeblement, or even by her extinction as a state. The New World, which it was Mr. Canning's boast to have called into being to redress the old, has been a thoroughly disappointing creation, with the exception, I think, of Chile." (.F.O. 61/351, Horace Rumbold, Memo to F.O. 11th May, 1883).

In the 1870s only the Bondholders had consistently and forcibly pressed for large-scale British intervention in Peruvian affairs and, whilst H.M.G. was clearly, as time wore on, becoming increasingly sympathetic to their case, diplomatic representations were all that were seriously envisaged,¹ (cf. F.O. 61/323, F.O. Minute, 16th October, 1878). Moreover, although, in general, public opinion had supported the Bondholders' claims, and sections of the press had been virulent in their denunciation of Peru, this did not indicate any widespread support for gunboat diplomacy to solve the problem:

"No Mr. Croyle! (Chairman of one of the Bondholders Committees) H.M.G. have a good deal too much on their hands to meddle with Peruvian finance. Those who lend to dishonest and impecunious agglomerations of half breeds in South America must do so at their own risk and peril it could not be tolerated for a moment that the machinery of government should be put in motion in order to force these rotten

1. Given the factors already indicated, together with the relatively small size of British interest overall, the great distance separating Peru from Britain and the effectiveness of such mechanisms as exclusion from the London Money Market, further action was always unlikely and inappropriate in an area where British mercantile capital still predominated.

states to keep to their engagements... " ¹ ('The Truth',
26th February, 1878).

Generally, in fact the Bondholders could exercise little influence (except through the press) in comparison to merchants or industrialists, since, until they sold their shares (in a panic) to the professional speculators for next to nothing, they were generally composed of small investors - hence the term widows' consols:

"The flotation process followed a uniform pattern After enthusiasm had been aroused to a high pitch, a selected group of insiders - participating merchant-bankers and swindlers - received large blocks of bonds and it was promptly announced that the issues had been completely sold out ... This caused further excitement and a feverish scramble of eager applicants The great majority of British investors - namely all, or nearly all, who were not admitted into the inner sanctum of the favoured group - probably purchased their bonds somewhere near the peak... the titled aristocracy (was) in the van (of this investment) as company promoters and managers..." (Rippy, 1951, pp. 20 and 36).

Few such small savers ever benefitted from their speculation. Furthermore, defence of the Bondholders was founded more on the notion that in order to maintain British economic and political ascendancy throughout the world, it was important to assert the rights of all its citizens (cf. Palmerston's 'Civis Romanus sum' speech), than on the importance of the investment itself. ² The

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1. On the other hand, racist ideology was also employed at times to urge intervention: "We cannot believe that our British Government will allow her own subjects... to be swindled and pauperized by a set of Peruvian robbers and their German Jew accomplices..." ('Man of the World', 30th November, 1878).
 2. However, if the assertion of British political pre-eminence was required by British capitalism in general, the cause of the Bondholders' represented a popular justification of gunboat diplomacy, since it was seen as the protection of the 'small man' against the racist stereotype of the perfidious 'dago' (for instance in the 1840s).

direct investment made by merchants or bankers was far more profitable than the portfolio loans to governments (Rippy, op.cit., p.35), and merchants' interests in general represented the lions' share of British capital in Latin America; they were also, obviously, directed by substantial and important men who had direct access to British diplomats in South America and whose needs carried weight with H.M.G. Consequently the interests of the merchants were generally paramount ¹, frequently to the detriment of the bondholder. For instance, the Treaty of Ancon was unsatisfactory from the Bondholder's point of view, however the F.O. was persuaded against exertion of pressure on Chile by the leading British West Coast Merchant. houses, since it might antagonise Chile against their 'more durable' and substantial investments (F.O. 61/358, Gibbs, Balfour Williamson and others to Granville, 5th May 1884) ² In reply, Lord Fitzmaurice informed Gibbs that H.M.G. agreed that the Bondholders had no right to look to Chile for assistance with repayment of their loan. Moreover, the F.O. note of protest, sent to both Peru and Chile, did not represent support of the Bondholders as such, but was rather inspired by a duty to protest:

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1. By the late 1870s however, the Bondholders' cause was represented by two powerful pressure groups headed by men with some authority in the City. Consequently they were beginning to exercise some influence on the F.O., and this increased as their support of Chile during the war coincided with the interests of the merchants. But their eventual success was due more to the involvement of the influential and wealthy Irish-American merchant, Grace, and their own efforts, than to the assistance of H.M.G. (The settlement also benefitted Grace's interests more than anyone else's).
 2. Offering an example of effective private intervention on behalf of Chile against Peru, the solution to the Bondholders' demands was to be the responsibility of Peru even though Chile was now in possession of the nitrate and guano deposits.

"... against any arrangement between Chile and Peru which deprives British subjects of their rights of property .. H.M.G. will do all in their power to guard against their action being used for speculative purposes, but at the same time, they consider that, although the British Bondholders are not entitled to look to them for assistance in obtaining payment of their claims, H.M.G. would have failed in their duty had they allowed the Treaty to be signed without protesting against an act which is not only prejudicial to the rights of British subjects, but a violation of the principles of justice and of the practice of nations...." (F.O. 177/180, Fitzmaurice to Gibbs, 19th May, 1884).

It is apparent therefore that had H.M.G. been prepared to launch a largescale diplomatic initiative, or some form of military intervention against Peru this would have been on behalf of the wider interests of capitalism rather than in support of the Bondholders. However, in contrast to Egypt the objectives of the important merchant community were better served by an official stance of neutrality - as long as the Chileans were victorious.¹ Consequently it was important that there should be little or no proof of British involvement. Obviously we know that no form of gunboat, or overtly - anti-Peruvian, diplomacy was embarked upon. However the suspicion of a degree of support by H.M.G. for Chile lingers. Kiernan has opposed this on four main counts.

1. This is one of the points of contention with Kiernan, who does not agree that the interests of British capital were so uniformly and solidly behind Chile. However, he does concede that: "There was a mercantile section which held that a Chilean victory would be good for trade in the long run, because Chile was the most efficient and energetic of the Pacific Coast Republics," (1955, p.17), and all the evidence already presented in this work demonstrates the consistently pro-Chilean inclinations of the British. Furthermore, all major British merchant houses operated in Chile as well as Peru and usually had their headquarters in Chile.

One of his main objections is that there is no evidence of official (or private involvement). However since we are discussing a case of putative covert support, clear evidence is not likely to be discovered. Interestingly, Kiernan himself, in a later work, provides a reason why there can be little likelihood of uncovering hard data in support of the thesis that H.M.G.¹ assisted Chile:

"It is a delusion of archive searchers, to suppose that ministers and under secretaries are careful to leave behind them all the documents required for a verdict on their actions. They are at least as careful not to do so. That no record of discussions be put on paper was the strictest rule of cabinet meetings." (1972, p.76).

Secondly, Kiernan asserts that it was generally believed, prior to the war, that Chile was weaker than Peru; I have already dealt with this point and indeed it must be evident from preceding chapters that such an observation does not bear scrutiny². Thirdly, he states that originally only war with Bolivia may have been intended, and that certainly the British could not have foreseen that the conflict would develop into an attack on Peru. Once again I have tried to show, throughout this work, how the real rivalry was always between Chile and Peru. Furthermore Peru's nitrate policy was known to have alienated Chilean (and British) interests³ and the existence of 'Secret' Bolivian-Peru

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1. Whilst he also notes that in some ways, for instance with regard to Chilean annexation of the guano islands, "..... Great Britain appears to have slipped into something less than neutrality." (1955, p.25).
 2. "Peru has some good naval officers, but no trained crews so that it will take a considerable time to prepare the men to meet the Chilians who have always kept their vessels and their crews ready for action..." (F.O. 61/318, St. John to F.O. 12th March, 1879)
 3. In a retrospective consideration of the place of the 'Estanco' and Gibbs in the causes of war, St. John wrote to Granville: "There can be no doubt that the salitreros look askance at the Government monopoly, and it was perfectly true that the 'nitrate districts were the real and direct cause of the war.'" (F.O. 61/344, 27th December, 1881).

Treaty, which would involve Peru in any Chilean-Bolivian conflict, was, in fact, no secret. Kiernan's final point concerns the nature of private interests in the affair - firstly that they were in disagreement over whom to support, and, secondly, that the Chilean partisans were mainly 'men on the spot', whose influence lay at Santiago rather than London (p.16).

In support of his claim that the people concerned were divided, he cites an observation by the 'Economist' that:

"the confusion at present existing amongst the rabble of Peruvian Bondholders is almost beyond description."
(17th January, 1880; p.16).

However it would be ludicrous to expect total uniformity of opinion from such an enormous group of people, largely composed, as already observed, and as the 'Economist's' comment implies, of small-time investors with little financial expertise or knowledge of South American affairs.¹ The leaders of the Bondholders, however, who were well-informed with regard to South American finance and politics were united in support of Chile, and it was also the opinion of St. John that a Chilean victory would benefit them:

"If the Raphael contract be ended through this war it will certainly be to the advantage of the bondholders..."
(F.O. 61/318, St. John to F.O., 22nd April, 1879).

Whilst Kiernan himself demonstrates the widespread support for Chile by his citation of another report by the 'Economist', in which it was stated that:

1. Only a relatively small group was inclined to argue for support for Peru in order to prevent it losing the natural resources hypothecated to the Bondholders, and their influence was counteracted by Chilean realization of the need to restore private enterprise in Tarapaca, permit guano and nitrate exports and negotiate with the Bondholders (cf. Sir F. J. Reed to Pauncefote, F.O. 177/188, 22nd March, 1886).

"the rise in Peruvian bonds is due to Peruvian defeats...."
(27th December, 1879; p.16).

Moreover, although any war was clearly bad for trade, it appears that, on the whole British commerce was not disrupted,¹ and St. John reported to the F.O. that in fact:

"The only British subjects who suffer are shipowners...."
(F.O. 61/319, 25th August, 1879).

Finally, it is evident that men who had influence on the West Coast also had influence in London. The F.O. did not ignore the wishes and opinions of the merchants or its diplomats based in Santiago and Lima, but in any case all big British merchant houses obviously had a head office in London. It is simply not tenable to assert that Gibbs was without influence in the City and in the F.O., and evidence of such influence is provided by H.M.G.'s partiality in the Chilean/Peruvian conflict. H.M.G.'s involvement intertwined with private pro-Chilean action, and consequently may be considered simultaneously. Some evidence of British support for Chile has already been provided, however let us now briefly examine further material to support this contention.

Perhaps the main way in which the Chilean cause was supported was in the form of direct aid from British citizens, and an extremely lax enforcement of neutrality laws by H.M.G.² In July 1879 the Bolivian legation in Peru approached St. John on the question of Bolivia's decision to stop and board neutral vessels they suspected

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1. "The rumours of ... possible hostilities between Chile and Peru may ... help the price... for were an open rupture to take place between the two countries it would reduce... exports of Peruvian nitrate..." (Gibbs to London, 10th March, 1879, M.S. 11,470/3)
 2. Implicit acknowledgement of this approach was given when Chile stopped a British ship and the F.O. warned Santiago that such 'recurring indignities to (the) flag' might result in the enforcement by H.M.G. of a strict neutrality on British subjects. (in O'Brien, 1979, p.109).

of carrying Bolivian nitrates, or other minerals. The F.O. refused to accept this as a 'belligerent's right' and attacked it as pure piracy. They also refused to interfere with British merchants and representatives of the Bondholders who exported guano and nitrates from Bolivian and Peruvian territories ¹. The Bolivians declared this activity to be illegal:

"My government by (a) .. series of administrative measures have made an explicit.... declaration of the illegality of the so-called rights of the Nitrate Company of Antofagasta. Such decrees stamp the working of salitreras belonging to the State with a character of illegality; this character is even much less questionable now that the working and exportation are protected not by any right whatever, but by the material force lent by the Chilean army to the service of private interests....." (F.O. 61/319, 3rd July, 1879).

However the Chilean army and navy were in turn helped by these private interests, in the form of credit, supplies of war materials, and intelligence, and active British participation. At the beginning of 1880 British diplomat Pakenham wrote to Salisbury:

"I believe that almost the entire transport of the Chilean army, their munitions and supplies of all kinds, besides the coal for their squadron, are directly or indirectly in English hands." (F.O. 61/207, 17th January, 1880).

No action to stop this clear infringement of neutrality was proposed. There were, in fact, traditional links between the Chilean and British navies; Britain had helped in the manning and organisation of the first Chilean navy during the Wars of Emancipation, and its British Commander,

1. At the beginning of 1880, Pedro Calderon complained to the F.O. that: "... the saltpetre of Tarapaca... is being exported in 'neutral' ships, without the help of which Chile could not consummate her crimes." (F.O. 61/329, 14th January, 1880). In reply Salisbury affirmed the rights of both Chile and neutrals to trade. (F.O. 61/329, 15th March, 1880).

Lord Cochrane, was regarded as 'one of the founders of the Republic' (F.O. 16/250, Montt to Salisbury, 14th December, 1887; cited in Blakemore, 1974, p.9). In the Pacific war, too, therefore, the British were prominent in the Chilean navy (Erickson, 1912, p.92.).

There were also other ways in which British residents in Chile contributed to the war efforts; 'Le National' (Paris) recorded that British and Chilean commerce in Valparaiso was delighted at the outbreak of war (9th April, 1879, cited in Ahumada Moreno, 1884, p.272), and thereafter provided Chile with valuable aid.¹ The historian of the Merchant House Balfour Williamson & Co., writes:

"The name of the new firm was originally to have been Milne, Williamson & Co. But Stephen Williamson's pro-Chile partisanship in the War of the Pacific, (expressed in his usual lucid and uncompromising way in Parliament and in letters to 'The Times'²) still rankled so strongly in Peruvian official circles that it was thought it would be best to leave the title of the firm as it was." (Balfour, Williamson & Co., 1960 p.75).

However, given their major role in the instigation of Chilean hostilities against Bolivia (cf. Chapter 9), the position of the Gibbs' merchant house³ during the war is of most interest.

In attempting to construct a clear picture of Gibbs' role in the

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1. For instance, in the form of credit and also through exercising their influence in London, on the press and on the F.O.
 2. Williamson therefore offers an example of the way in which the 'men on the spot' could act effectively on Chile's behalf both in London and on the West Coast.
 3. Basadre writes: "Un grupo comercial britanico, uno de cuyos centros era la Casa Gibbs, sostenia que una victoria de Chile podia ser beneficosa a la larga porque esta Republica era la mas eficiente y energica en el Pacifico sudamericano. Esta opinion gano terreno cuando los triunfos chilenos se sucedieron sin cesar y el aumento de trafico con el pais vencedor compenso las perdidas del intercambio con el Peru." (1976, p.36).

conflict, we are confronted, once again, with the obvious handicap of the firm's reluctance to commit any indiscretions to paper. Given the prominent part originally played by the Antofagasta Company, it was thought imprudent to give any further cause for Peruvian hostility:

"As shareholders in the Antofagasta Company we may congratulate ourselves on the support and protection we have received from the Chilean Government, but we fear some time will pass before matters settle down and we can consider ourselves quite secure.."
(M.S. 11,470/3, Valparaiso to London, 24th February, 1879).

For, unfortunately, a side effect had been to increase the antagonism of Peru and Bolivia:

"Böhl writes as though it were thought in Lima that the Antofagasta Company were desirous of war; or that they were not using their influence to prevent it..." (ibid, 7th April, 1879).

Consequently, in May, in an interestingly ambiguous letter, Valparaiso cautioned London:

".... against expressing too much sympathy in favour of Chile..." but proceeded to discuss the possibility of 'spending some money':

"... it may have appeared inconsistent to you that the very next day we should enquire whether you would authorise us to open a credit which was to be applied in the way to be pointed out by Mr. Smith....;"

the main point, however, was to be discrete and take precautions:

"We think you do well to address to us exclusively letters which contain anything that might be misinterpreted in Peru if seen by those for whom they were not intended..." (M.S. 11,470/3, Gibbs Valparaiso to London, private letter, 30th May, 1879).

But despite the consequently guarded nature of Gibbs' correspondence during the war evidence of both a pro-Chilean bias and practical assistance, may be found. In considering the effects on Gibbs' interests in Peru were the dispute to widen into a Peruvian/Chilean war, Gibbs noted that

there was a possibility that if Chile took the Peruvian nitrate districts:

"... it might be considered that the T.N.Co. ¹ had sold their property to the Peruvian Government and must look to them for its value ² ... still, all things considered, our interests lie more with Chile than with the Peruvian side of the question." (M.S. 11,470/3, Gibbs (Valparaiso) to London, 28th May, 1879).

Consequently, at the outbreak of war, the Lima and Arequipa offices proposed to assist the Chilean war effort through the provision of a code; this was however viewed as most imprudent by Valparaiso:

"I wrote to you a few lines of caution against allowing the House to be made use of as a medium of telegraphic communication during the present difficulties....",

yet

"... yesterday Miller received a note dated the 28th Ult. from Higgs.... 'I enclose the press copy of a letter sent by the last mail to Mr. Read referring to a code of telegraphy to be adopted in matters referring to the Chile-Bolivian war, which I thought absolutely necessary to communicate to Commandante Lopez who... in the event of any attack from the North should receive immediate advice.'

This is evidence that Messrs Gibbs of Lima and Arequipa accept the positions of intelligence agents to the Chilean Government... The distribution of such a code is about the last thing I should have expected Messrs Gibbs to do for it is in direct contradiction to all their old principles of not mixing themselves up in any way to compromise their neutrality."

However it was the indiscretion rather than the pro-Chilean bias that was at fault:

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1. Gibbs' Tarapaca Nitrate Company expropriated by the Peruvian 'Estanco'.
 2. In the event Gibbs' close relationship with the Chilean Government ensured favourable treatment, and consequently, at the end of 1883, London commented on the difficulties reported by the Valparaiso office of obtaining compensation in Iquique: "we imagine there will not be much difficulty in delaying matters until the terms of peace are concluded when... the province of Tarapaca will be annexed to Chili...." (M.S. 11,471/18, London to Valparaiso 20th December, 1883).

"If the code had been made out as an example of what the Chilean authorities might do for themselves it would have been all right" (M.S. 11,120, Valparaiso to B8hl (Lima), 5th March, 1879).

For as Hayne openly acknowledged:

"... the Antofagasta Company's existence may now be considered to depend upon Chile going on with what she has begun and being successful." (M.S. 11,120, Hayne to B8hl, 16th February, 1879).

And clear evidence of both Gibbs' true sentiments regarding the outcome of the conflict, and complicity in British aid for the Chilean war effort, is afforded by Miller's enthusiastic description of the defeat of one of Peru's two battleships:

"We have had such excitements here during the past fortnight ... First the Iquique seafight with its at the same time sad and glorious result for Chile It is impossible to be sufficiently thankful for the loss of the 'Independencia' as the whole Chilean coast has now been at the mercy of the 'Huascar' (Peru's one remaining ironclad) for 13 days owing to the mysterious absence of the Chilean squadron; the latest report is that it has gone on from Callao to Payta - perhaps to pick up the P.S.N. Co's steamer from Panama with contraband of war in the shape of torpedoes etc..." (M.S. 11,126; Miller to Comber, 3rd June, 1879; my emphasis).

The Bondholders' Committees also rendered Chile invaluable assistance. The Italian Bondholders' reaction to the war, as expressed to the F.O., was typical:

"The creditors of Peru having, for a long time past received neither foreign capital nor the interest of their debt, witnessed with marked satisfaction the phenomenon of a war." (F.O. 61/357, Tyler to Granville, 10th February, 1884).

Help partly took the form of ensuring that Peru received neither ships nor loans. In July, 1880 Russell (Chairman of one of the Bondholders'

Committees) informed the F.O. that he had heard that ships were being built for Peru in England:

"If the Peruvians get these ships away it is goodbye to our guano shipment." (F.O. 61/330, 17th July, 1880).

On the other hand the neutrality laws were breached for Chile. In May 1880 several swift torpedoes arrived in Valparaiso in sections on board British merchant ships (Markham 1882, p.188, and cf. Oibbs, M.S. 11,126), having been constructed in England. Meanwhile H.M.G. refused the Bolivian Consul's request to stop a shipment of ball passing through Liverpool to Chile (F.O. 11/27, Salisbury to Bolivian Consul General, 26th April 1879), and blocked Peru's efforts to negotiate a loan in order to purchase new ships and weapons (F.O. 61/319, St. John to Salisbury, 7th July, 1879).

In February 1880 Chilean Minister Augusto Matte acknowledged the Bondholders' contribution in a letter to Rafael Sotomayor:

"Recently I have sent a note to Mr. Proctor advising him that in view of the uniformity of opinion which exists among the creditors of Peru, the Government of Chile was willing to permit the exportation of guano The creditors have ... held a meeting approving of this and clamouring for the annexation of Tarapaca by Chile and the truth is that these gentlemen have been a powerful lever in Europe to prevent the Peruvians from securing war elements and to create for us a beneficent atmosphere in the opinion of these peoples."

(6th February, 1880, in O'Brien, 1979, p.109, my emphasis).

The very next day a letter was printed in 'The Bullionist' from the grateful First Secretary of the Chilean Legation:

"It is my duty to explain personally to the Peruvian Bondholders how much indebted they are for any results that may attain

through the negotiations with Chile to the ability and consistency with which Mr. Croyle has, from the very beginning of the South American War, sided with Chile and sought through our Government a favourable solution for their problem." (7th February, 1880).

Such public pronouncements formed part of the press campaign which helped to create the favourable 'atmosphere' towards Chile (referred to by Matte) that composed the second major element of British support. Typical of the attitude of the British press was the 'South American Journal' which announced on the 8th April 1879 that Chile was defending:

"the most sacred principles on which modern society rests, the principles of justice and the rights of property, directly attacked by Bolivia... there are interests of British subjects mixed with the Cia. Chilena de Salitres..."¹

Other newspapers also linked the conflict with the 'Estanco', which, alone, was held to have justified Chilean action (Le Temps (Paris) 12th April 1879), and 'The Bullionist' declared that all civilized nations should support Chilean occupation of Atacama and Tarapaca; furthermore their presence would ensure that the guano and nitrates would be 'properly' administered. (13th December, 1879).

The partiality of H.M.G. is also evident, and, as Chilean victory became inevitable, was not concealed particularly carefully. This was partly expressed in a refusal to recognise Chile as the aggressor; even though it is clear, for instance, that St. John was aware of the history of the dispute (cf. F.O. 177/149), Peru and Bolivia were held to blame;

1. St. John also acknowledged the importance of this: "... it appears certain that the Chileans will conquer... Tarapaca ... the time has arrived to consider the very large amount of British interests in the province.." (F.O. 61/319, St. John to Salisbury, 20th November, 1879).

"... it appears to me that from the beginning, Bolivia has failed in her engagements towards Chile, and though the conduct of the latter has been very decisive and perhaps aggressive, it was probably the only course left...." (F.O. 61/318, 26th February, 1879).

Whilst Rumbold stated:

"Chile was in no way prepared for war and was not the aggressor. The hostile combination against her had, on the contrary, been prepared for some years...." (F.O. 61/351, 11th May, 1883).

At the beginning of the hostilities, in 1879, in an extraordinary and naive misinterpretation of the history of the area, Pakenham had written to Salisbury:

"Chile will endeavour to retake the strip of coast which of her own accord she gave to Bolivia for the sake of peace and quietness, and to put an end to apparently interminable bickering on the subject of boundaries." (F.O. 16/202, 10th February, 1879).

Not surprisingly such opinions intensified the Anglophobia already widespread in Peru; this in turn both confirmed the British diplomats in their poor opinion of the republic, and further alienated British interests:

"... this hatred (of the English) is encouraged by very improper articles in the demi-official paper 'La Patria' ... The ... cause is the soreness felt at the almost universal condemnation of their dishonest financial conduct by the European powers (also) the pride of the Peruvians is deeply mortified by all the events of the war, where their opponents have shown themselves superior in courage, in discipline, in naval and military skill, in fact in every manly quality..... I am glad to notice that most of the English families are leaving the country...." (F.O. 61/325, St. John to F.O., 10th March, 1880; my emphasis).

As the war progressed and it became obvious that Chile would retain Tarapaca as well as Atacama, H.M.G. became more open in its support. At the beginning of 1880 Pakenham spoke in terms of:

"The favourable course which the war has taken...." (F.O. 61/331, Pakenham to Salisbury, 28th January, 1880, my emphasis).

However even in 1879 St. John actively championed the cause of the Bondholders, to the detriment of the Peruvian war effort; for instance, in April assistance was lent with regard to telegrams concerned to facilitate the Bondholders' arrangements for exporting Peruvian guano. (F.O. 61/317, 23rd April, 1879). But, as indicated above, the Bondholders' cause was not the principal factor behind H.M.G.'s pro-Chilean stance.

A major motivation of British government support for Chile appears to have been connected with the growing strength and pretensions of the United States and the consequent threat it represented to British capital in South America. In 1883 Rumbold announced:

"I cannot but think that it is almost as much for our interest as it is against that of the United States to see her (Chile) firmly established as Mistress of the shores of the South Pacific." (F.O. 61/351, 11th May, 1883).

This was not only because Chilean ascendancy was best for British commerce. In 1881 St. John had received a memo from the Italian Minister in Lima:

".. on the subject of the policy of the European powers strengthening Chile as far as their influence can do so, in order that there be a nation capable of offering a sort of counterpoise to the influence of the United States. It certainly appears that there is no other republic on this coast susceptible of any marked development...." (F.O. 61/334, St. John to Granville, 27th December, 1881).

This British-North American rivalry also decided the British against

any idea of joint-mediation with the United States - for many of the reasons that North America had not wished to co-operate with the Europeans, and also because it would alienate Chile:

"The pretensions of the United States to hegemony throughout America are probably nowhere better understood or dreaded than in Chile." (F.O. 61/351, Rumbold to Granville, 11th May, 1883);

whilst St. John clearly hoped that one of the results of the Pacific War would be the establishment of a new power system which would challenge North American expansionism, and thus protect British interests:

"The jealousy of the European influence shown by the United States appears extravagant and may have a contrary effect on these republics to that anticipated. Already the feeling is beginning to show itself that the South American Republics must turn for support to Europe, and in Chile England is the power that is most considered." (F.O. 61/339, St. John to Granville, 4th January, 1882).

Nervousness of North American intentions was also manifest:

".... a circular has been sent by the Government of the United States to the different South American republics calling on them to send representatives to a congress to be held in Washington It looks like a federation of the Republics under the protection of the United States." (F.O. 61/339, St. John to F.O., 11th January, 1882).

and the 'men on the spot' were not alone in these feelings, but reflected a growing apprehension felt by H.M.G. towards North American progress and British decline. In 1880 'The Economist' admitted:

"The United States are running us hard in the race." (cited in Crapol, 1973, p.43).

D. Summary

1877 marked a watershed in North American/British commercial relations (Beisner, 1975); for the first time the United States acquired control and dominance in its domestic market, displacing the U.K. as the country's primary supplier, but retaining its position as the leading exporter to Britain. Thereafter the United States regularly maintained a favourable trade balance with Britain, while it began to overtake the U.K. in terms of technological innovation and economic growth (cf. Hobsbawm, 1969, pp.176-181; Mathias, 1969, pp.316-320; Crapol, 1973, p.49). This deterioration of the British commercial position, especially vis à vis its erstwhile colony, aroused deep concern and apprehension amongst politicians and capitalists, and this feeling was clearly reflected in both the contemporary press (cf. 'The Economist', 1873-1877), and foreign policy.¹ The concomitant disappearance in parts of the world (notably Egypt) of the conditions that had facilitated British dominance through the Palmerstonian policy of informal empire, further exacerbated the British position, and alarm. British diplomatic muscle, therefore, would need to be exerted henceforth in order to support its 'friend' - British capital (Lenin, 1963, p.743).

The principal location of British/North American commercial rivalry was obviously South America, and in 1878 Drummond issued a serious warning to British merchants of North American aspirations in the 'New World'. He declared that the time had come for a positive initiative - Great Britain had to 'look to her own'. (P.P., Reports of H.M.'s Secretaries of Embassy and Legation, 1878, Commercial no. 17,

1. Gladstone, in particular, was alarmed by the new state of affairs; however, other observers dismissed the danger as temporary.

Vol.72, p.455). The outbreak of the Pacific War at this precise moment, therefore, presented an opportunity to both metropolitan powers to attempt to consolidate, or establish, their positions on the continent. Both North American and British capital were motivated by the same objectives - dominance of the South American economy; however, other elements intervened to dictate different policies to their respective states. The differing degree of involvement reflected the intervention of forces such as the differing stages of capitalist development, styles of diplomacy, geographical location, British complacency and support for the winning side. Furthermore, given the overall predominance of both the British position in Latin America and the world, and the strength of the Chilean state, the type of assistance required for a Chilean victory was naturally distinct from the form of support necessary to prop up the Peruvian state. H.M.G. could, in fact, play a supportive role simply by displaying a strong preference for the Chilean case; however, as indicated above, there was a substantial degree of British involvement in the affair. It is, therefore, possible to locate the conflict in a wider context of North American /British competition, and as such it formed a preliminary stage in the 'new imperialism' (Campbell, 1976). Neither state was impartial, both backed one side or the other as the best means to achieve similar ends. Both H.M.G. and the State Department perceived the Peruvian State as weak and effectively non-viable, however, since the overriding need of the North American economy still concerned the export of goods, the nature of Peru's internal politics was relatively unimportant. On the contrary, the collapse of the Peruvian state offered the United States a possibility to establish a foothold on the West Coast. For the British, however, the structure of its economic involvement in

South America was beginning to be dominated by direct capital investment.¹ This took the form not only of the large bondholders' debts, but also shares in, or ownership of, railways, public utility companies and plantations. Banking capital was represented partly by jointly owned institutions or wholly by British banks, such as the Bank of London and South America. Merchant capital had become directly involved in mining enterprises, in export agriculture and, in Peru and Bolivia, in direct ownership of nitrate companies. The export of capital requires either direct colonization (Lenin, 1963, p.736-737) or stable and amicable political conditions. Consequently H.M.C. had no interest in supporting Peru; on the contrary its collapse, as Rumbold pointed out (F.O. 61/357), could in fact benefit British interests.

In a sense both Britain and the United States derived concrete benefits from the war. Chile, partly in recognition of its debt to the British, re-established private enterprise in Tarapaca², and as Evans observed:

"England still dominated the Chilean markets. The promise of better business conditions in the nitrate fields when the progressive Chileans extended their administration there was not lost on the British investor, and as usual he was first in the field after the War of the Pacific." (1927, p.135).

Whilst extensive British control was re-established in Peru through the Peruvian Corporation. However, ironically, settlement of the Bondholders' claim also enabled the Anglo-American capitalist Grace to utilize the railways and concessions to begin exploitation of the Cerro de Pasco

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1. Although this investment continued to be primarily mercantile in character.
 2. With the result that the nitrate industry came to be almost entirely dominated by the British, to the detriment of the Chilean economy. (Roxborough, O'Brien and Roddick, 1977, pp.8/9).

mines, marking the beginning of North American domination of the Peruvian economy (cf. Yepes, 1974, pp.101-109). By contrast not only the Peruvian, but even the Chilean 'national interest' may be said to have suffered as a result of the war.

CHAPTER 12: CONCLUSION

A. Introduction

One of the main aims of this thesis has been to demonstrate that there are reciprocal relationships of effectivity between different levels of social formations. My detailed discussion demonstrates that the economic level cannot be seen as solely determinate but that there exists a complex set of inter-relationships, most clearly illustrated in the issue of racial divisions, but also reflected in the form of the state. Consequently, in many ways the study defies simplistic summarising. For example, some discussions of Latin American societies have posed the issue of underdevelopment largely in geographical terms, namely an urban/rural dichotomy, or the determinate nature of spatial formations. Ultimately, however, this standpoint, as exemplified by Plekhanov's remarks:

"We now know that the development of the productive forces, which in the final analysis determines the development of all social relations, is determined by the properties of the geographical environment" (1969; cited in Banaji, 1977; my emphasis),

demonstrates the very point at which Vulgar Marxism begins to lose touch with Marxism altogether. Nevertheless, within the context of this initial, crucial conclusion, I will now attempt to make some general comparative remarks.

B. General Observations

"The crisis continues precisely in the fact that the old is dying and the new cannot be born; in this interregnum a great variety of morbid symptoms appears." (Gramsci, Prison Notebooks)

This thesis has been an exploration of a period in an extended

transition to capitalism, and a discussion of the resultant contradictions to be found within the Peruvian social structure. The stagnant nature of the societies involved in this kind of transition has been the subject of endless speculation, and has prompted the production of many general, sometimes monocausal explanations of the phenomenon. The theoretical introduction to this thesis sought to explore the structural ambiguities of many of the concepts used in such explanations, and the empirical section attempted to delineate the complexities and historical specificity of the Peruvian instance.

The Pacific War was selected as the empirical focus in part . . . because it is in itself a subject of controversy, and also because it throws into relief Peru's problems of integration, its failure as a nation-state, and the vitality of archaic social relations and attitudes. Furthermore, its occurrence at a time of increasing North American/British rivalry in Latin America highlights the overdetermination of 'imperial' capital on Peruvian development. It also illuminates the differences between the early development of republican Chile and that of Peru and Bolivia.

The theoretical discussions have centred on four main issues: the questions of race and class, of articulation of modes of production, of overdetermination, and the nature of the state. Clearly all these areas are interwoven, finding their concrete expression in the forms of state established on the West Coast. A strong state has been seen as a crucial variable in the development of capitalism (Marx, 1974, p.703), especially in the context of imperialism. The spectacular failure of the Peruvian state, in confrontation with that of Chile, was demonstrated to the full by, and during, the Pacific War. The causes of this failure must be partly sought in Peru's colonial and

pre-Columbian history.

The significance of Peru's stultifying ultramontane, monarchist and bureaucratic heritage can hardly be overestimated. The central role played by both Bolivia and Peru (Alto and Bajo Peru) in the Viceroyalty resulted in a total lack of regional dynamic and autonomy, or social cohesion - the colonial administration simply representing the Absolute Monarch in absentia. On the other hand, the persistent strength and size of the Indian population and the institutionalisation of their conflict with the white minority provided an enduring obstacle to social and economic integration, whilst at the same time reinforcing cultural traits in the oligarchy characteristic of feudalism¹. By contrast, in economic terms Chile was able early on to develop a degree of independence and vitality largely closed to the Peruvian creoles, whilst socially, as a settlement colony lacking a large indigenous civilization, it was relatively unaffected by the Spanish policy of divide and rule which accentuated the fragmentation already inherent in the Peruvian class system. In Chile the emergence of a relatively united and organic upper class, motivated by a class project, was possible.

A comparison of the weak and vestigial republican Peruvian state

1. It is important, however, to also bear in mind the nature of the Inca mode of production, since its influence on the Peruvian and Bolivian social structures lay not simply in its transmogrification through racism and feudalism, but also because it was clearly not pre-disposed to capitalist development either. Its rigid character complemented the static and reactionary nature of Spanish Absolutism; "The absolute monarchy in Spain, bearing but a superficial resemblance to the absolute monarchies in Europe in general, is rather to be ranged in a class with Asiatic forms of government." (Marx, 'Revolution in Spain', 1854, p.26; cited in Kiernan, 1974, p. 215).

with the strong state structure that developed in Chile does not, however, imply that other aspects of the Chilean social formation were wildly divergent from those of the Peruvian, even though it enabled the Chilean upper classes to soundly defeat their Peruvian rivals. It is clear that Chile too was a transitional structure characterised predominantly by pre-capitalist forms of class domination. British diplomat Rumbold had the following to say on the nature of the Chilean peasantry:

"The 'inquilinos'..are the mass of the resident peasantry who are allowed by the landowners to occupy certain patches of land, as well as their 'ranchos', or huts, rent free, but are bound, in return, to perform a certain amount of unremunerated labour on the estate. This unpaid service, or 'corvee', is the distinctive feature of the system known as 'inquilinaje', but the amount of the service required of the 'inquilino' varies greatly on the different estates, and is determined by custom or voluntary agreement, there being absolutely no written contract between the owner and the 'inquilino'... There being ...no real link between him and the land..his only title to exist on it..being in reason of little less than servile tenure...he may be said to be practically in a state of vassalage..the powers over him of the landowner, who frequently is 'subdelegado' or 'comandante de policia' are such as to check any excess of independence on his part..." (1902, pp. 48-50)

However, other characteristics enabled the Chilean oligarchy, on the basis of this predominantly feudal economy, to develop a political and legal system which both integrated the Chilean social structure and facilitated relations with metropolitan capital, whilst also permitting a substantial degree of autonomy and congruence of the national political and economic spheres. The forms of politics to emerge after Independence in both Peru and Chile were clearly related to their previous histories, together with other factors such as differences in topography. The ability of the feudal 'hacendados'

of Chile to retain their unity and establish a cohesive national state must also however be situated in their traditional market orientation. The consolidation of feudal production in Central Chile early on in the republican era, in response to the demand for wheat, was both predicated on the virtual eradication of a free peasantry, and on the unification of the feudal landowners. This unification was crystallized in a state able to both reinforce their forms of class domination and efficiently regulate relations with the world market. In other words, the re-emergence of 'commodity feudalism', despite the traumas of the Wars of Emancipation, both necessitated and rendered possible the reconstruction of a modernized version of the colonial Absolutist state (masquerading as European constitutionalism). Chile, at this stage, may be said to have represented a relatively dynamic transitional form.

By comparison the decadence of the Peruvian economy in the 18th century was the prelude to its total collapse on Independence into isolated and parochial autarchic units. Long before important sectors of the economy fell under foreign domination (cf. Cotler, 1979), its fragmentation and stagnation was such as to impede the emergence of a fraction capable of imposing its hegemony over other social groups and constructing a strong state structure¹. Instead, despite the formality of a centralised state form, in reality state power was fragmented both regionally (and later internationally), and in class and racial terms. In the sierra the lack of market opportunities

1. As observed above, however, colonial history had provided no basis for the emergence of such a national elite imbued with a class project (cf. the temporary unity of the Bolivian upper classes, which was solely concerned with spurious dreams of a European type of nationalism, and which consequently disintegrated on Independence).

together with the weakness of the white elite effectively resulted in the sharing of state power between the 'hacienda' and the Indian community. As a result the Peruvian republican state was unable to advance beyond 'vestigial absolutism', that is to say, no class fraction was able either to assume overall political control, or develop a centripetal economic activity. The effects of this failure, as I have shown, was the intervention of even more contradictions into the social structure, in the reinforcement of the pre-capitalist and anarchic nature of Peruvian political processes on the one hand, and the penetration of foreign capital and West European ideas on the other. The later interaction of the Peruvian state and elite with foreign capital was to further accentuate the intermediary and contradictory character of the Peruvian social formation. The state was neither able to conduct a 'satisfactory' relationship with metropolitan capital, nor to pursue a national project; its autonomy was further undermined, and the structural heterogeneity of the social formation increased, as it became over-determined by the needs of, and dependent for its reproduction on, foreign capital. These aspects of Peruvian formation all found expression in the Pacific War and contemporary political movements. The structural violence built into social relations and the extreme fractionalization and instability of class formation inevitably gave rise to early forms of populism - simultaneously radical and traditional multi-class alliances, generally opposed to foreign capital, the commercial bourgeoisie and central state power. However this political development further inhibited control of the state by the semi-capitalist, modernizing fraction of the elite, whilst in turn quickly disintegrating into reactionary class and racial struggles.

In Chile, on the other hand, the successful and early establishment of a nation-state not only enabled the elite to consolidate its position and proceed with capital accumulation, but also to diversify the economy (using a variety of labour forms), notably into extractive industry. It is evident that Chile's early development of a mineral exporting economy further contributed to the emergence of a more sophisticated and dynamic structure by offering substantial opportunities for the deployment of capital and development of productive forces. The vitality of Chile's mining industry, in comparison with the abandonment, until the mid-1870s of most of the Peruvian mines (apart, of course, from the nitrate industry) presented the Chilean elite with greater possibilities for economic development of an industrial nature. In contrast the character of the modern sector of the Peruvian elite remained largely mercantile and/or agricultural, and frequently motivated by cultural considerations¹.

It is clear therefore that Cardoso and Faletto (1969) and Cotler (1979) are correct to ascribe decisive importance to the roles of national bourgeoisies, the state and foreign capital in the development of Latin American societies, but these must be discussed only as key variables amidst other factors, and should be situated in terms of the mode of production and concomitant question of overdetermination. The nature (and roles) of the bourgeoisie must therefore be explained, both in terms of the endogenous social formation, and its relationship to the world market. It is not viable in the context of 19th century Latin America to talk about 'discrete' modes of production, but there does appear to be evidence to support Dandler (1976) and Bartra (1982) and the theorists of articulation as a form of extended or

1. Similarly the predominantly feudal sierran 'hacendado' and the Indian community (cf. Mutch, 1980); this factor clearly provided a further block to the emergence of capitalist social relations.

partly frozen transition. However the existence of modes of production as historical agents is clearly not unambiguous, because of the effects that the kinds of consciousness deriving from them have on social relations. This brings us back, once again, to the form of state which is created, or attempted, which may well be quite inappropriate to the development of capitalism, or may be more suited to the needs of the expanded reproduction of metropolitan capital. Generally it is in this sphere that the efficacy of British capital may be measured - through economic and cultural dominance, rather than in the form of clumsier, direct political interventions by H.M.G. However, the Pacific War is of interest not only because it highlighted many of the above points, but also because it does provide an instance of official and private involvement, to the benefit of both North American and British capital.

C. The impact of the war on Peru and Chile

Ironically, despite Chilean victory, the effects of the Pacific War on both Peru and Chile were to accentuate the dependent and essentially monoproduktive characteristics of their economies. A major element of the strengthened Anglo-Chilean alliance was the jettisoning of the relative economic independence of pre-war days in favour of the wholesale adoption of economic liberalism:

"Laissez-faire policies resulted in a number of lost opportunities when the war was over. Chilean industry had expanded rapidly during the war with Bolivia and Peru, .. but when the war ended, and the country was once again able to import manufactured and luxury goods, industrial growth slowed down..Over the next twenty years most of the

nitrate mines passed into the hands of foreigners, and Chile's economic prosperity came to depend on a mining enclave which was almost entirely in foreign hands..."¹
(Roxborough et al., 1977, p.8)

Increasingly Chilean resources came under monopoly, foreign control, whilst the state was dominated by an alliance between the Chilean bourgeoisie and foreign (mainly British) capital.

The re-construction and re-insertion of the Peruvian economy into the international system resulted in (and from) similar processes². After the War of the Pacific, the penetration of metropolitan capital, which had begun in the 1860s, was greatly accelerated, and the Peruvian economy 'recuperated' largely on the basis of its orientation to foreign requirements, and investment by the Peruvian Corporation. Moreover, whilst this led to the first significant development of capitalist relations of production in Peru, this not only re-emphasised the contradictions within a still predominantly feudal society, but was also largely in response to the new needs of expanded reproduction in the metropolis rather than to an internal dynamic. Furthermore, despite the intensive development of copper, oil, silver and sugar, and the establishment of some light industry, the reproduction of pre-capitalist relations of production, outside of these enclaves, came to be essential to the reproduction of the capitalist mode of production in Peru (cf. Yepes, 1974). 'Determined' feudalism was evolving into a 'determined'

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1. There are, in fact, interesting parallels between Chile's Nitrate Age and Peru's pre-war Guano Boom.
 2. Obviously the situation in the two countries was differentiated by the extreme poverty in Peru after the War of the Pacific; the bankruptcy of many members of the Peruvian upper classes together with the destruction of much of the infrastructure and modern machinery facilitated the take-over by 'imperialist' capital (cf. Clavero's statistical breakdown on income groups before and after the Pacific War, 1896, p. 51).

form of capitalism, with equally disruptive effects on the unity and autonomy of the Peruvian upper classes, and sovereignty and integrity of the state.

Consequently the War of the Pacific, despite the extensive devastation it brought to all aspects of the Peruvian socio-economic and political structure, in some ways represented no more of a watershed in Peruvian history than did the Wars of Independence. Rather it accentuated certain features and perhaps hastened developments. The concept of stagnating transition, however, remained generally applicable to the social formation, whilst the limitations inherent in the more autonomous and dynamic transitional form represented by Chile were also exposed.

The historian (perhaps particularly if she is writing from a Marxist perspective) using documentary sources renders herself vulnerable to criticism unless the work is adequately situated. Extensive use has been made in this thesis of the records of the British Foreign Office and the State Department of the United States, and occasionally they have been cited with reference to the internal affairs of the Andean states. While every effort has been made to contextualise these citations in situ, a general comment on the reliability of the material may be of assistance.

The different character of the two diplomatic services has been the subject of commentary for many years (see for example Hartman, 1931). While the British foreign service contained a majority of career professionals (Hartman, op. cit., Nightingale, 1930) and represented an adequate career for the younger sons of the aristocracy; the salaries of U.S. diplomats were fixed by statute in 1850 at a low level, and had become entirely inadequate by the time of the Civil War (Gelfond, 1982). Consequently, diplomatic posts were largely the subject of patronage, and veniality. As has been discussed above (Chapter 11) this accounts for the degree of eccentricity which characterised American diplomatic performance. It also counsels caution in interpreting their evidence.

The majority of the British diplomats cited conform to the stereotype of the impoverished aristocrat. Pakenham, Consul to Santiago in the 1870's, was the seventh son of the second Earl of Longford, and pursued a diplomatic career which reached its apotheosis in Ambassadorships to Norway and Sweden. Jerningham, Charge d'Affaires at Lima in 1873, was a younger son of minor landed gentry, whose brother was also a career diplomat. However, this should not be read as the stigma which indicates a particularly narrow view; one of the characteristics of the age was the desire to reflect and observe the strange environments which were being embraced by the Empire, as is demonstrated by the careers of Sir Horace Rumbold and Spencer St. John.

Rumbold, a contemporary of Pakenham's in Santiago, was born in India in 1828, the youngest son of a baronet, who was ruined by investing in a banking house which was driven out of existence by the East India Company (apparently using barely legal methods (Rumbold, 1902)). Taken under the wing of the Earl of Derby, he picked up the diplomatic service in a casual way in order to make his living, because of his low expectations. His three brothers, however, all died prematurely, apparently as a result of dissipation. His aristocratic connections stood him in good stead

and his career reached a climax at the court of the Emperor of Austria in 1896. His comments indicate that his relationship to Britain's own landed aristocracy inclined him favourably to similar oligarchs wherever he travelled (he was a close friend of the Metternichs). Not surprisingly, he had a particularly low opinion of the Americans, in particular Meiggs, whose record as an employer he lost no opportunity to disparage, with the true hypocrisy of the English.

Spencer St. John came from rather humbler origins. His father was an eminent author and a prolific traveller, who was educated in a village school in Camarthenshire and subsequently became a leader writer for the 'Daily Telegraph'. J.A. St. John's sons all followed his example in travelling widely and writing; one edited a short-lived political, literary and industrial journal of the 1850's entitled 'Utopia' (but not after Proudhon), and another edited a "History of the British Conquests in India", before he became a bankrupt. Although Spencer's career was formally the most orthodox, it led him to some of the most bizarre experiences any British diplomat must have experienced in the nineteenth century. As I have indicated in the text, his career began with Sir James 'Rajah' Brooke, in his virtually single-handed conquest of Borneo; he developed a passionate loyalty to Brooke, whose 'victimisation' by Gladstone after the 'pirate massacre' of 1849 earned that politician St. John's lasting enmity (in his 'Life of Sir James Brooke', published in the first year of the Pacific War, he pilloried Gladstone for his hypocrisy). It is possible that this explains some aspects of St. John's career, for his next major diplomatic posting was to Haiti, about which he was also to subsequently publish a book. In spite of his evidently jaundiced view of contemporary Haiti, he appears to have developed for his era a remarkably enlightened view of the slave revolt (which may, however, have been conditioned by his francophobia). Possibly more important than his views (which as we saw above were often racist), is the evidence of an almost trained capacity for observation, analysis and commentary (it's often a pity that this is not reflected in his rather dry Consular Reports), which stands in sharp contrast to the farcical misconceptions revealed in the U.S. Foreign Relations documents.

The issue of racism we have dealt with above; it must be said that for many British commentators, religion was almost as important a factor - in almost all written records there is a unanimous hostility to the Catholic Church, which is blamed for almost all the deficiencies which can not be attributed to race.

A final note, it is a mirror of the small world occupied by the English oligarchy that Rumbold and St. John, as literary men, shared the same club,

together with Henry Hucks Gibbs, First Baron Aldenham, founder of Gibbs and Co., Director of the Bank of England 1853-1901, Governor of the Bank of England from 1875-77, Conservative M.P. from 1891-1892, and owner of 3,500 acres of rural England. Disraeli, incidentally, was black-balled from the Atheneum on his first application, an experience which (almost) put him off London club life for good.

I can not close these comments without wishing good fortune to any woman who has ventured into the 'machismo' of the academic world, in particular if she intends to undertake research in the epicentre of academic machismo which I found Latin America to be.

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