IS CHILE A MARITIME POWER?

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An Essay

Submitted to

The Faculty of the

United States Naval War College

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In Partial Fulfillment

of the Requirements for the

Graduate Certificate in Maritime History

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by
CDR Christopher Green, Chilean Navy.

June 1, 2020

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APPROVED:

_____	Evan Wilson, D.Phil. Committee Member
_____	Michelle Paranzino, Ph.D. Committee Member
_____	Geoffrey Till, Ph.D. Committee Chair
_____	Evan Wilson, D.Phil. GCMH Coordinator

REPORT DOCUMENTATION PAGE

Form Approved
OMB No. 0704-0188

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing this collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports (0704-0188), 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number. **PLEASE DO NOT RETURN YOUR FORM TO THE ABOVE ADDRESS.**

1. REPORT DATE *(DD-MM-YYYY)*	**2. REPORT TYPE**	**3. DATES COVERED** *(From - To)*
12/06/2020	Certificate Essay	July 2019 – June 2020

4. TITLE AND SUBTITLE

Is Chile a Maritime Power?

5a. CONTRACT NUMBER
N/A

5b. GRANT NUMBER
N/A

5c. PROGRAM ELEMENT NUMBER
N/A

6. AUTHOR(S)

Christopher Green

5d. PROJECT NUMBER
N/A

5e. TASK NUMBER
N/A

5f. WORK UNIT NUMBER
N/A

7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES)

Hattendorf Historical Center
US Naval War College
686 Cushing Rd
Newport, RI 02841

8. PERFORMING ORGANIZATION REPORT NUMBER
N/A

9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)

N/A

10. SPONSOR/MONITOR'S ACRONYM(S)
N/A

11. SPONSOR/MONITOR'S REPORT NUMBER(S)
N/A

12. DISTRIBUTION / AVAILABILITY STATEMENT
Distribution Statement A: Approved for public release; Distribution is unlimited.

13. SUPPLEMENTARY NOTES A paper submitted to the faculty of the NWC in partial satisfaction of the requirements of the Graduate Certificate in Maritime History. The contents of this paper reflect my own personal views and are not necessarily endorsed by the NWC or the Department of the Navy.

14. ABSTRACT

Reacting to the long-running debate about the extent to which countries can be considered maritime, 'sea power states' or land-bound continental ones, this project takes Chile as a case study. Part of a larger project, these two chapters analyze two of the metrics that might be used for this assessment, the political and economic dimensions. The political chapter challenges the assumption often made that there is a correlation between liberalism and the maritime propensity by showing that some of Chile's major advances in this direction were made during periods of autocracy. The economic chapter shows that the economy's dependency on the sea as a source of resources and of transportation is but part of the story. It is the shape of that economy that matters more. Taken with other chapters on Chilean culture and history and its naval experience the overall work argues that Chile has the potential to be more maritime than it is, and that that is the general direction currently being taken.

15. SUBJECT TERMS (Key words)
Chile – history of; sea power; maritime power; Alfred Thayer Mahan

16. SECURITY CLASSIFICATION OF:			**17. LIMITATION OF ABSTRACT**	**18. NUMBER OF PAGES**	**19a. NAME OF RESPONSIBLE PERSON**
a. REPORT	**b. ABSTRACT**	**c. THIS PAGE**			Evan Wilson
UNCLASSIFIED	UNCLASSIFIED	UNCLASSIFIED	N/A	54	**19b. TELEPHONE NUMBER** *(include area code)* (401) 841-6552

Standard Form 298 (Rev. 8-98)

Introduction

Is Chile a Maritime Power? Many recent studies have answered this question based on two factors: the country's geographical condition and the Navy's history. For many authors, these sole reasons are enough for considering the country as a maritime power. In recent years, the question arose again amidst the celebrations of the bicentennial anniversary of the Navy. The answer seems to be important not for the Navy, but for the country's future because so much of the population's well-being depends on the foreign trade carried at sea.

This research will examine, to the extent possible, Chile's condition as a Maritime Power by analyzing five factors or dimensions that experts have determined as relevant for achieving this condition: political leadership, geography, society, the economy, and the Navy. A comprehensive answer will be attempted by studying each of these factors and how they are related to the maritime domain. The study will focus on specific periods of Chilean history: the political and fiscal tools introduced during the 19th century to allow free trade; the political leverage to create institutions related to this domain, in particular, the Navy and the Merchant Marine; the geopolitical decisions to annex new territories or to trade them for strategic maritime chokepoints, such as the Magellan Strait; the creation of the two hundred miles Economic Exclusive Zone; and the contribution to this question that the first Spanish settlers, the indigenous people, and later Europeans immigrants made.

In this essay, a Maritime Power will be understood as one emphasizing the multiple activities carried out by a State that, by the *active and conscious* use of the sea, seeks to enhance the country's political, economic, social, and military benefits. A key element of

this definition is the willingness to transform a state into a maritime one, considering that although all the benefits the sea brings to the people, it is not a natural place for humans compared to the land. Chile is already considered to be “maritime” due to its physical configuration, the dependency on foreign products such as energy that comes from abroad by sea, and the necessity of sea routes to connect with the southern part of the country, were the characteristics of the terrain prevent roads from being built.

But this essay goes a step further from being just “maritime”; it will demonstrate that Chile, due to many factors, already has characteristics of a “maritime power,” a condition that has been built, consciously or unconsciously, since the beginning of the republic. However, the process is not yet finished, and perhaps it will never be. It is mostly because being a relatively small country must constantly adapt to the reality of the world order. Globalization today provides the perfect scenario for the country, but this process might not last. For Chile, perhaps the maritime condition will never be completely achieved with most of its population living in landlocked cities. However, it seems to be important how the state tunes these factors. By having a maritime strategy to balance all the dimensions that Chile needs for achieving the condition of a maritime power, the country would be able to improve the national well-being. Although is difficult to have great performances in all these domains, a maritime strategy would at least allow to identify the weaker elements and transformed them into opportunities. Chilean history demonstrates that these strategies have been used before, and when correctly applied, they have dramatically improved the country´s performance.

The complete essay is divided into five chapters, one for each dimension, although only two will be presented for meeting the Graduate Certificate in Maritime History

program requirements. The political and economic factors are those elements that have not been thoroughly analyzed under the maritime perspective by previous studies. For that reason and considering that both are perhaps the most complex, they are presented in this essay.

Chapter 1: The Political Factor

Maritime powers are political creations.[1] It is normally an elite within the country that defines the type of relationship between the nation and the maritime domain by explaining how it will use it to improve society's well-being and achieve its long-term objectives. In the Chilean case, part of that elite has been the government, which through a top-down process, created the conditions to transform the country into a maritime power. But politics and policies change over time. Countries experience different social and economic realities; thus, the political leadership adapts to meet these changes, resulting in adjusting policies, and consequently, the way they approach the sea, making the political factor a critical element of this study.

Most countries have long-term national objectives that define the ways nations will confront their future. In the Chilean case, these objectives are specified in the Constitution. This social contract explicitly establishes that social prosperity and territorial integrity are the core of the government focus. With these objectives in mind, the question of this chapter is to what degree the state—represented in the Chilean case by the President—chooses to use the maritime domain as one of the means to achieve these objectives. As in any long-term strategy, this question is a political choice that, as this chapter will clarify, changes depending on factors such as economy, society, and culture. Chile's political spectrum has gone from military rule to socialism, with conservatives and liberals in between, all of them with different understandings and policies with regards to the maritime domain.

[1] Andrew Lambert, *Seapowers States, Maritime Culture, Continental Empires, and the Conflict that made the Modern World* (London: Yale University Press, 2018), 330.

This chapter will review the different approaches that these governments adopted towards the maritime domain and their positive or negative contribution to building this relationship. The overall product will help to determine if the Chilean policies demonstrated the political will to effectively use the sea to transform society, and thus, the condition of maritime power.

Chile during the Spanish ruling period

During the Spanish colonial period, centralized control from the Spanish Crown prevented any commercial initiative in the Americas other than those conceived by the Crown, or its representative in the Viceroyalty of Perú. Chile was no exception: a governor ruled under strict instructions from Lima, the Viceroyalty's capital, who decided on most of the colony's affairs, from trade to defense. Even the Governor was designated from abroad.[2] There was no incentive for the population to do anything different than what was directed by the Crown.

The settlement of a colony proved to be a difficult task: the geographical characteristic of the country, a factor to be analyzed in the next chapter, and its geographical distance from Madrid were far from ideal. The colony was—and still is—surrounded by geographic barriers such as the worlds' driest desert in the north, the Andean mountain chain to the east, the unknown to the south, and the Pacific Ocean to the west. This long and thin piece of land was by no means Spain's first choice for possession and settlement. The indigenous population, the *Mapuches*, was a warfighting culture that opposed colonization for more than 400 years, only exacerbating the poor Spanish opinion

[2] Diego Barros Arana, *Historia General de Chile, Tomo Segundo* (Santiago: Editorial Universitaria, 2000), 65. The original version of this history was published in sixteen volumes between the years 1881 y 1902.

of the colony. With no gold or silver, as in Peru, or the Argentine farming land, Chile was not considered an important station. During the seventeenth and eighteenth centuries, there were two main political objectives: the expansion of the Spanish rule to the south, basically a land counter-insurgency type of operation against the *Mapuches*, and wheat production to support the local population and Perú, trade that was performed by a small trading Fleet controlled by the Crown.[3] This incipient trade was heavily regulated by the Spanish Crown from the early days of the colony, restricting all commercial exchange to Spaniards rather than locals. The Spanish intercolonial system allowed no third parties, only those appointed by the Spanish ruler.[4]

In terms of distance, Chile was the Crown's most remote possession, a factor that also played against foreign visitors. Distance made Chile an unlikely foreign target. Only two overseas expeditions were recorded during the colonial period, which had significant effects on the internal policy. Sir Francis Drake's world expedition touched Chile in 1578, and was utterly unexpected by the local authorities, and a Dutch raid to the coast in the same period. After lurking off the Chilean coast, Drake attacked three Spanish settlements, capturing the only ship that traded with Perú. Although not a great bounty, it forced the local government to decree that trade between Chile and Perú should be made through a convoy system, thus making the exchange slower.[5]

The Spanish ruling method was based on the distribution of land to new Spanish settlers, mostly soldiers or farmers, who were additionally provided with a local labor force. This provided no incentives to seek other sources of income. In the words of one Chilean

[3] Simon Collier and William Slater, *A History of Chile, 1808-2002* (Cambridge: Cambridge University Press, 2004), pos 124.
[4] Barros Arana, *Historia de Chile, Tomo Quinto*, 79.
[5] Barros Arana, *Historia de Chile, Tomo Quinto*, 97, 236, 350–51.

historian of the nineteenth century, “Spain did not give or intend to give an industry. The soldier didn't arrive to become a laborer.”[6] Before independence, the wealthiest group in society were these landlords or *encomenderos,* as they were locally known, who lacked industrial skills, and the Indians, who were the primary workforce, who lacked interest in the cultivation process. As a result, the colony was “nothing but a vast area in which products were almost spontaneously grown.”[7]

O'Higgins' vision of post-Spain Chile

Nothing changed until the country's independence from Spanish rule, effectively in 1818. Bernardo O'Higgins, the founding father of the new Republic (a similar figure to George Washington in the United States), being educated in Britain, was aware of the importance of international trade for the evolution of the new country. One of his first political acts, along with the creation of the National Congress, was the establishment of freedom of trade in all major Chilean ports.[8] Along with this action, and after the last land battle for Independence, O'Higgins stated, “This triumph and a hundred more will become insignificant if we do not dominate the sea.”[9] He recognized that the new Republic's safety depended on preventing Spanish reinforcements of their South American strongholds: Chiloe and Valdivia in the southern part of the country; and the liberation of Perú from Spanish rule. To achieve these objectives, it was necessary to develop a Navy, to transport troops and to isolate those Spanish forts from receiving external aid. The agrarian culture of

[6] Anibal Pinto, *Chile, un caso de desarrollo frustrado* (Santiago: Editorial Universitaria, 1959), 13.
[7] Pinto, *Chile, un caso de desarrollo frustrado*, 13.
[8] Barros Arana, *Historia de Chile, Tomo Octavo*, 267.
[9] Enrique Larrañaga, “Bernardo O’Higgins, Forjador del Poderío Marítimo de Chile”, *Revista de Marina*, no.4 (2006): 356.

the country under Spanish rule meant there were few local sailors, so O'Higgins brought to the country a number of British officers to help in building a fleet.[10]

O'Higgins' political contribution towards building a maritime power was immense. His vision of a powerful society was closely linked to the maritime domain. His approach was comprehensive, involving cultural, economic, geographical, and military aspects. He used the few resources available for the Navy's creation to establish the Naval Academy in 1818, and he set the legal bases to create the merchant marine.[11] He gave countless speeches to Congress with his thoughts on what Chile should be as a nation, and in particular, his views on colonizing of the southern part of the country with Irish immigrants.[12] He argued that Chile needed to explore and facilitate navigation through the southern inner waters and he emphasized the importance of taking possession of the Strait of Magellan to dominate the southern sea trade routes.[13] As Supreme Director[14], he understood the immense value that the sea possessed for Chile's future. He saw its enormous potential for the country and the possibility of its becoming the maritime power of the Southern Pacific.[15] He understood that Chile was highly dependent on maritime communications and that the sea would prove to be vital during a war: politically, strategically, and economically.[16]

But O'Higgins' revolutionary attempt to move Chile away from simply being an agrarian society created friction, especially with the Landlords, who saw these ideas as

[10] Barros Arana, *Historia de Chile, Tomo Décimo Tercero*, 173-93.
[11] Barros Arana, *Historia de Chile, Tomo Undécimo,* 604.
[12] Larrañaga, "Bernardo O'Higgins, Forjador del Poderío Marítimo de Chile," 355.
[13] Larrañaga, "Bernardo O'Higgins, Forjador del Poderío Marítimo de Chile," 354.
[14] Supreme Director was the first title given to whomever was in power after independence. The President's title would replace the latter from 1826.
[15] Larrañaga, "Bernardo O'Higgins, Forjador del Poderío Marítimo de Chile," 355.
[16] Barros Arana, *Historia de Chile, Tomo Undécimo,* 603.

challenging to their position. This resulted in O'Higgins abdication in 1823, to avoid a civil war.[17] However, the concepts that he brought to the government remained for several decades, primarily through one particular minster who shared O'Higgins views, Diego Portales.

The Conservative Republic and Portales' Principles

After the O'Higgins era, the most traditional sector of society established a period of conservative governments that lasted nearly forty years. The most influential minister of this period was Diego Portales, an upper-class Chilean citizen of an old family of Spanish landlords. As a merchant, he understood the need for Chile to embrace international trade as a means of achieving the country's economic stability. A trader by profession, he saw how part of his businesses and many other entrepreneurs as well were affected by anarchy and political mismanagement. Also, he perceived a high degree of democratic immaturity in the population, strongly influencing his vision of the need for strong and semi-authoritarian governments to achieve both the stability necessary for the development of the country and the reeducation of society with regards to values and virtues.[18]

Although he never ran for the presidency, he used his position as head of the two most important ministries of the time, Foreign Affairs and Interior, to secure his particular vision of Chile's role as a regional maritime power in the region, thereby transforming the country's approach to the sea in a top-down way.[19] Together with the Finance Minister,

[17] Barros Arana, *Historia de Chile, Tomo Décimo Tercero*, 817.
[18] Humberto Hernández, "Diego Portales, 1793-1837, Bases Doctrinarias para la construcción de la República," *Revista de Marina*, no. 6 (1993): 4.
[19] Diego Portales to Manuel Blanco Encalada, September 10, 1836, https://historiachilexixudla.wordpress.com/2008/09/03/epistolario-de-diego-portales/

Manuel Rengifo, he created the political conditions to establish the country's basic maritime foundations, such as: a powerful customs system; an emphasis on tax reform; the promotion of international trade; the provision of special laws for cabotage; and the creation of a merchant marine and free trade warehouses in Valparaiso, among others.[20] As Pinto concludes:

> Independence opened the doors of the Chilean economy. It was the primary contributor to the economic development of the country... Chileans did not miss the opportunity aroused by new markets, buyers, and suppliers. They welcomed them with such powerful energy and imagination that in the short term, they placed the country at the head of Latin America and a level that in relative terms had nothing to envy that if the emerging U.S. or any of many European nations of the old continent.[21]

Portales and Rengifo created during the first half of the nineteen-century fiscal warehouses in Valparaiso where traders could store their goods for up to six years, without paying taxes, until the market value of these goods reached a reasonable level. This action positioned Valparaiso as the main gateway for the Eastern South Pacific countries, and in particular for Ecuador, Peru, and Bolivia.[22] By the mid-19th century, three-quarters of Peruvian imports entered the region through Valparaiso's free warehouses.[23]

Portales improved the laws and concentrated the authorities' efforts to disrupt and reduce smuggling, which had been adversely affecting the national economy. In 1832, he

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[20] Hernández, "Diego Portales," 5.
[21] Pinto, *Chile, un caso de desarrollo frustrado*, 5.
[22] Daniel Martner, *Estudio de la Política Comercial Chilena e Historia Económica Nacional*, Tomo1 (Santiago: Imprenta Universitaria, 1923), 148, 215.
[23] Collier and Slater, *A History of Chile*, pos 1006.

proposed the construction of a fleet of 300 coast guard vessels to prevent the smuggling of specie; unfortunately, it was never put into action.[24] These aspect suggest that at least in certain areas, there are similarities with Andrew Lambert´s argument that seapower states "are active in suppressing piracy – which is both a hindrance to trade and causes higher insurances rates."[25]

Portales understood quite early that the emergence of foreign regional powers would seriously affect Chile's security. In a letter to a friend, he expressed his apprehensions about the Monroe doctrine, arguing that Chile had to be careful to get out of the hands of one ruler (the Spanish), only to fall into another one (the Americans), pointing out that this doctrine seemed to be the harbinger of a plan to conquer the continent, not by arms but by influence.[26] Also, responding to the creation of the Peru-Bolivian Confederation, Portales saw it as a source of conflict that would affect Chile's leading role in the region and the Pacific. Using all his influence as a minister, he convinced Congress to declare war against this newly created coalition. In a letter to the Commander-in-Chief of the expedition, he reflected on his vision of what Chile should be:

> The Confederation must disappear from the American scenario. Its geographical extent; its largest white population; the combined resources of Peru and Bolivia barely exploited now; the dominance that the new organization would try to exercise in the Pacific and thus taking it away from us. Naval forces must operate

[24] Diego Portales to Antonio Garfias, March 28, 1832, https://historiachilexixudla.wordpress.com/2008/09/03/epistolario-de-diego-portales/
[25] Lambert, *Seapowers States,* 330.
[26] Diego Portales to José M. Cea, March 1822, https://historiachilexixudla.wordpress.com/2008/09/03/epistolario-de-diego-portales/

> before the Army, striking decisive blows. We must dominate forever in the Pacific. This must be our maxim now, and I wish it would be forever. [27]

Portales's political approach to the maritime domain comprised in four basic elements: it was politically nationalistic, economically integrated, militarily defensive, and aspired to naval hegemony.[28] Ultimately, he considered that the country's economic development should be defended in peace with a powerful custom system, and during conflicts through the use of all national power elements, including a powerful Navy. Regarding the Merchant Navy, he considered that national trade should not be allowed to foreigners who did not reside in the country, reserving cabotage exclusively for domestic ships.[29] This law would be partially revoked only in 2019.

But as it was with O'Higgins, Portales's ideas created a lot of friction within the country, especially amongst the landlords and in the Army. Rebellious officers thought the minister was using his powers to purge the service, so they abducted and assassinated him.[30] Nevertheless, Portales's ideals transcended his tenure. His ideas continued to dominate the country's economic policies, which were focused on maritime trade for over a century until the Great Depression. Ministers continued to favor trade, transforming its tax revenues into the country's primary source of income. Consequently, as a result of the increase in foreign trade, Chile grew economically and financially, beginning a virtuous

[27] Diego Portales to Manuel Blanco Encalada, September 10, 1836, https://historiachilexixudla.wordpress.com/2008/09/03/epistolario-de-diego-portales/
[28] Adolfo Paul, "Portales: el Estado en Forma," *Revista de Marina*, no. 1(1993): 24.
[29] Martner, *Política Comercial Chilena*, 185.
[30] Eugenio Necochea, *Memoria Sobre el Asesinato del Ministro Portales* (Santiago: 1874), 1-2. http://www.memoriachilena.gob.cl/602/w3-article-7849.html

economic circle. Between 1840 and 1860, trade increased five-fold, with about 4000 ships per year moving to Chilean ports like Valparaiso by 1870.[31]

In less than fifty years since independence, the political leadership had embraced free trade as the core of the country's economic system but also set the bases for several maritime institutions such as the merchant marine, the naval academy, customs, and a financial system that inserted the country into the South Pacific community. As Collier and Slater observes:

> The Chilean peso ("bird money", as it was known, from the condor on one face of the coin) became one of the currencies circulating in the Polynesian islands (when Robert Louis Stevenson bought his land in Samoa in 1890, the price was in Chilean pesos); acacias and carob trees from Chile took root at various far-flung points around the Pacific.[32]

Valparaiso remained the most important trading city in Chile and the South Pacific. After the discovery of gold in California in 1849, Valparaiso logistically supported an important part of this new American settlement. Also, the establishment of an extensive logistics storage infrastructure in 1854, the creation of the first Bank in Chile in 1855 and formation of the first Trade Exchange and trade union association of South America in 1858, transformed Valparaiso into the pearl of the Pacific.[33]

[31] Collier and Slater, *A History of Chile*, pos. 1160.
[32] Collier and Slater, *A History of Chile*, pos. 1022-1024.
[33] Martner, *Política Comercial Chilena*, 181-184.

The Liberal Republic

The year 1861 began with a change from a conservative towards a liberal regime. Liberal ideas influenced the ruling elite, changing the country's vision on many social issues. Politically, the reforms were aimed to diminish the President's power, empowering Congress. Although free trade remained at the center of the economic system, the government's objective was to industrialize the country to provide a better economic infrastructure.[34] However, they failed to achieve this goal and, although the commodities exports continued to provide the most significant part of the budget, the national income was heavily impacted whenever there was an international fall in demand. [35] O'Higgins' vision of a maritime economy was only partially met. The maritime domain, in the eyes of the society and politicians, became only a means for trading rather than a real agent of development, as will be discussed in the maritime economy chapter. And only a few parts of the society were directly linked with the business model, most of them dominated by foreigners that had come to Valparaiso to take advantage of the trading system, sending most of their revenues back to their respective countries.[36] This factor would prove decisive for the future of the economy, as will be discussed later.

Under the liberal regime, policies focused on investments through private and public-private partnerships, improving communications systems such as the telegraph, a better railway net to connect the productive centers with the ports, and a merchant navy to connect foreign markets with Valparaiso.[37]

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[34] Julio Pinto Vallejos, "Valparaíso: Metrópoli Financiera del boom del Salitre," in *Valparaíso, 1536-1986,* ed. Julio Pinto (Valparaíso: Universidad Católica de Valparaíso, 1987), 119-29.
[35] Collier and Slater, *A History of Chile*, pos. 1878.
[36] Juan Ricardo Couyoumdjian, *El alto comercio de Valparaíso y las grandes casas extranjeras, 1880-1930. Una aproximación* (Santiago: Universidad Católica de Chile, 2000), 73-75.
[37] Martner, *Política Comercial Chilena,* 309-11.

Although the country understood the importance of the Navy for the future development of the country, the liberal political decision to restrain investment in the military heavily hit the service. During this period, the Navy had only one proper warship.[38] There might have been some naivety in these liberals' views, which were embedded in an Pan-Americanism spirit, partly relying on setting aside differences between the countries of the continent as a means for security, rather than investing in defence.

This political decision led to a strategic error when Spain, trying to maintain its influence in the continent, sent a fleet to protect what it saw as its possessions, particularly a small archipelago off the coast of Perú that produced *guano,* a natural fertilizer. The Chilean President declared war against Spain in 1865, despite having only one warship. The result of this war was devastating for the Chilean economy. After some initial Chilean tactical success, the larger Spanish fleet blocked most of the country's ports and dispersed the national merchant fleet. This blockade forced the merchant fleet to change their flag to a third party, to avoid capture as war prize. The merchant fleet at that point consisted of 258 ships, but was reduced to seven.[39] After four months, the Spanish Admiral Mendez-Nuñez, frustrated by the Chilean government, who refused to surrender, bombed Valparaiso, destroying the harbors, the fiscal warehouses, and parts of the critical infrastructure. The damages only in merchandise were estimated at US $224 million, in 2013 prices.[40]

The Chilean government learned its lesson. It would never again reduce the country's naval power. Valparaiso was fortified with 19 forts, and in 1871 the country

[38] Ministerio de Guerra y Marina, *Memoria del Ministro de Estado al Congreso Nacional, 1865*, 9.
[39] Comparison between the list of Ships on September 1, 1865, and June 1, 1867. Data available at *Memoria del Ministro de Estado al Congreso Nacional, 1866, 206 and Memoria del Ministro de Estado al Congreso Nacional, 1867, 208.*
[40] Kenneth Pugh, "Guerra contra España, a 150 años de una Lección Aprendida," *Revista de Marina,* no. 2 (2016): 11.

ordered two armored vessels. The ironclads *Cochrane* and *Blanco-Encalada* became one of the most modern and powerful warships of the South Pacific, signaling the beginning of a new naval era. In 1875, the government built new fiscal warehouses, the most modern Victorian technology complex in the South Pacific, and the first mechanized dock with hydraulic cranes, helping to recover Valparaiso's logistical influence in the South Pacific, and increasing the storage capacity that existed before bombardment. It took ten years to regain national maritime power.[41]

Chilean economic expansion brought tensions with its northern neighbors, Perú and Bolivia. In 1879, a dispute erupted over mining rights in the north of the country, a region with ambiguous borders, but widely exploited by Chilean miners. The government, despite weaker forces than the combined Peruvian and Bolivian forces, decided to wage war which ended after almost five years with the occupation of the Peruvian capital, Bolivia's loss of its coastal regions, and the annexation of a nitrate-rich area that would be the engine of the national economy for the next 30 years.[42] Chile had emerged as a regional power.

But during the same period, the government had to deal with another neighbor, Argentina, which took advantage of the Chilean war and challenged the sovereignty of Patagonia and the Magellan Strait. In an interesting decision, the government decided to settle the dispute by recognizing Patagonia, East of the Andes, a vast territory, as Argentine but reaffirming its sovereignty over the Strait, which, if lost to Argentina, would have given

[41] Pugh, "Guerra contra España," 13.
[42] Carmen Cariola and Osvaldo Sunkel, *Un Siglo de Historia económica de Chile 1830-1930* (Madrid: Instituto de Cooperación Iberoamericana, 1982), 126-27.

Argentina access to both oceans, including the Pacific markets. That was an unacceptable condition for the Chilean government.[43]

The emergence of Chile as a regional power in South America was also followed by the U.S., which saw an opportunity to diminish the country's influence in the region. Using as an excuse a minor incident in which two U.S. sailors of the USS *Baltimore* were killed after a bar fight, during a period of instability provoked by civil war, the U.S. sent ultimatum asking for compensation that was considered unacceptable by the Chilean President. However, understanding the consequences of a possible war against the U.S., President Montt, an active Navy officer and veteran of the war against Perú and Bolivia, minimized the event in his discourse to the Congress. He said it was an unfortunate event and decided to agree to the U.S.'s demands to avoid a war that was not seen as necessary.[44]

After the USS *Baltimore* affair, from a political perspective, governments failed to invest the profits of this economic boom to build a diverse industrial base, and, as a consequence, every time there was an international financial crisis or a fall on the export of commodities such as copper or nitrate, the country experienced heavy loses. In 1900, a Chilean politician, Enrique MacIver addressed some of the national elite asking them what had happened:

> Where did we go? We supplied with our products the American coasts of the Pacific and the islands of Oceania of the Southern Hemisphere; we were looking for gold in

[43] "Tratado de límites de 1881 entre la República de Chile y la República Argentina," available at http://www.historia.uchile.cl/CDA/fh_article/0,1389,SCID%253D15651%2526ISID%253D563%2526PRT%253D15646%2526JNID%253D12,00.html

[44] Discurso de S.E. el Presidente de la República a la apertura del Congreso Nacional, 1892, 4; Joyce S. Goldberg, "Consent to Ascent. The Baltimore Affair and the U.S. Rise to World Power Status," *The Americas*, Vol. 41, No. 1 (July 1984), 21-35. https://www.jstor.org/stable/1006946

> California, silver of Bolivia, the products of Peru, cocoa from Ecuador, coffee from Central America, we created banks in La Paz and in Sucre, Mendoza, and San Juan; our flag ran in all the seas, and our companies and our hands worked wherever there was seas, chasing new wealth. [45]

Only a sliver of this maritime spirit remained. During this period, the country's economic system, instead of expanding incomes by diversifying the economic base, remained heavily focused on exporting commodities. Consequently, during the Great Depression, the country was the most heavily affected in Latin America because it had no alternative model to keep the economy running.[46]

Nonetheless, one characteristic of the liberal period was the government tendency to think in economic ways when pursuing the national objectives, as depicted in their decision to concede to Argentina the vast Patagonian region while keeping tight control over the Magellan Strait, or in the decision to accede to the U.S. demand over the USS *Baltimore* case, rather than endangering the economy by another conflict.

The inward-looking period

After the crisis provoked by the Great Depression, there was another change of policies within the country. A new social movement demanded reforms that changed the economic system, and consequently, reshaping the country's approach to the sea. If the nineteenth century was focused on foreign expansion and free trade, the new century saw an inward-looking political turn. As Collier observes:

[45] Enrique Mac Iver, *Discurso sobre la Crisis Moral de la República* (Santiago: Imprenta Moderna, 1900), 10.
[46] Pinto, *Chile, un caso de desarrollo frustrado*, 38.

> Overdependence on raw material production, inadequate fiscal and monetary policy, built-in inertia in agriculture. In the end, a combination of economic necessity and political upheaval pushed both the Chilean state and the economy in new directions.[47]

This new direction turned the country towards a land-centric approach that focused on building a self-sustaining economy. It was a national development model that privileged the country's industrialization in almost every aspect, and oriented towards the domestic market through state promotion.[48] The main reason for this turn was simple: during the Great Depression, there were few goods to be exchanged, and most of them did not reach remote locations such as Chile. Therefore, in the absence of this products, the government decided to foster internal production. However, instead of promoting a robust private sector, this initiative ended creating a massive, and rather inefficient, public sector. And when the world economy recovered, instead of adapting again to the external markets, the government-imposed tariffs on imported manufactured products, making the country less competitive in the international arena. Because of economic stagnation, politics became unstable.

Regardless of this stagnation and the general turn to land- rather than sea-centric policy, there were still political initiatives reflecting to some degree the government's understanding of how decisive the sea was for the country's development.

[47] Collier and Slater, *A History of Chile*, pos. 2923.
[48] Gabriel Palma, "Chile 1914-1935: de Economía Exportadora a Sustitutiva de Importaciones*," Estudios Cieplan* N°12, (1984), 61-68.

Chile acquired two *Dreadnoughts* from the British in 1910, one of the most advanced battleships of their time, equipped with 14 inch guns, the largest caliber in the Americas, during a period of economic decline.[49] Afterward, the approval of the so-called *Leyes Crucero* provided some stable financing to the armed forces during a period of political unrest.[50] These laws were passed in response to an Argentinian armaments program. In a way, these laws resemble the same political decision that centuries ago, Themistocles argued for using the revenues of the silver mines at Argentum for investing in security. The so-called *Leyes Reservadas del Cobre*[51,] were the political answer to secure acquisition of military assets even through difficult political times. [52] The new laws applied a 10 percent tax on the revenues of the copper industry, the main source of the Treasury's incomes, transferring them to a fund exclusively for the acquisition and modernization initially of the Fleet, and later of the Army and Air Force.[53] The political decision to use revenues from the nation's most important source of income, copper, shows how deeply rooted the necessity to defend the country was, particularly its commerce, after the destruction of the fiscal warehouses.[54]

Ministers also began to expand the country's influence over new territories, such as Antarctica. Chile's approach was initially commercial. According to the Papal Bulls of the fifteenth century, the Spanish dominion of the American continent extended to the South

[49] Gerald Wood, "El Acorazado Almirante Latorre", *Revista de Marina*, no.3, (1988): 4.
[50] Cruiser law originally passed to have permanent resources to finance the acquisition of new warships. The origins of the laws were the understanding that a Navy could not be raised only in times of crisis, a lesson learned after the war with Spain in 1866.
[51] Copper laws. These laws replace the previous cruiser's law.
[52] Rodolfo Codina, Ley Reservada del Cobre: Conflicto e interés a nivel Institucional," Academia de Guerra Naval, 12 de octubre de 2016.
[53] Ministerio de Defensa Nacional, "Leyes Reservadas del Cobre"; https://www.defensa.cl/temas-de-contenido/ley-reservada-del-cobre/
[54] Gerald Wood, "El Acorazado Almirante Latorre", 5.

Pole.[55] Consequently, after the *Uti Posidetis* act of 1810, the government considered all the land to the South as Chilean territory. But in reality, except for the Magellan Strait or the Drake Passage, there was no real occupation of the area. However, the region started to gain importance during the whale hunting era, and the government started to provide special decrees to regulate the activity. In 1892, the government issued a decree regulating fishing and hunting in the southern seas; in 1902, Pedro Benavides, a whaler, was granted the concession of the Diego Ramírez Islands, at the very end of the continent; in 1906 the Magellan Whaling Society was established to hunt seas lions, seals and whales in the Antarctic Peninsula, the latter described by the French scientist Jean Baptiste-Étienne-Auguste Charcot in his book "Le Pourquoi-Pas? dans l'Antarctique", published in 1910, as "the best-assembled of all the companies that carry out their activities in Antarctica."[56] This economic activity supported Punta Arenas, the southernmost Chilean city, that flourished during the eighteenth and early nineteenth century as a logistic station of the ships that crossed between the Atlantic and the Pacific.

Chile's position in the American continent made it the world's closest country to it, thus providing a frequent salvage role for those expeditions and ships that operated in the area. Perhaps the most well-known action was the salvage of Shackleton's *Endurance* crew by a Chilean Navy auxiliary vessel, the *Yelcho*, in 1916. The latter, although extremely challenging, being performed in the middle of the winter season, is described in the Navy

[55] Pablo Mancilla González, "Antecedentes Históricos sobre el Territorio Antártico Chileno conocidos hacia la década de 1950." *Centro de Estudios Hemisféricos y Polares, Volumen 2 N°3* (Tercer Trimestre 2011),115-128. www.hemisfericosypolares.cl
[56] Jean Baptiste Charcot, *Le Pourquoi-Pas? dans l'Antarctique* (París: 1910).

archives as one of the many Navy's salvage operations in the southern part of the continent and Antarctica.[57]

The increase of tensions due to sovereignty claims from Argentina and the U.K. and the necessity to secure the resources that Antarctica provided, encouraged the government to establish, in 1940, the Chilean Antarctic Territory,[58] a cone between the meridians 53° and 90° that exceeded in 1.6 times the mainland.[59] In 1948, President Gabriel González became the first President in the world to visit the continent. As the geographical chapter will discuss, there was a coincidence between the creation of this territory and the idea of establishing a 200 nautical miles Economic Exclusive Zone (EEZ).

The Declaration of Santiago, signed on August 18, 1952, by Chile, Equator and Perú, claimed to exercise protection and control on the seas adjacent to their coasts to 200 nautical miles from the shore. The adopted distance was chosen as corresponding to the outer limit of the Humboldt Current, which has been referred to as the principal cause of the sea's richness.[60]

Admiral Jorge Martinez Busch, a former Commander-in-Chief of the Navy, proposed a concept called the Presential Sea, perhaps better translated as "The Sea in which we are present."[61] The thesis was raised to respond to the problems generated with the management and extraction of seasonal fishing stocks located at the EEZ and International Waters borders. This concept, encompassing 7,709,000 square miles of international

[57] Ministerio de Guerra y Marina, *Memoria del Ministro de Estado al Congreso Nacional,* 1916, 36,37.
[58] The *Territorio Antártico Chileno* was established by Ministry of Foreign Relations decree N°1747.
[59] Miguel A. Vergara, "La Antártica: Una Visión Marítima" *Revista Mar, Liga Marítima de Chile*, (2018): 12.
[60] L. D. M. Nelson, "The Patrimonial Sea," International and Comparative Law Quarterly 22, no. 4 (October 1973), 670.
[61] Jane Gilliland Dalton, "The Chilean Mar Presencial: A Harmless Concept or a Dangerous Precedent," International Journal of Marine and Coastal Law 8, no. 3 (August 1993): 397.

waters, passed as a national law 1991. Interestingly, the law defines the physical boundaries of these concepts but does not specify its purpose.[62] Francisco Orrego Vicuña, a Chilean lawyer and academic with several publications regarding the Law of the Seas, defined it as:

> [First], the participation in and surveillance of the activities undertaken by other states in the high seas' areas of particular interest for the coastal state. [Second], it encourages the coastal state to undertake economic activities in the high seas to promote national economic development and to ensure that other activities there are conducted in such a way as to avoid direct or indirect harmful effects upon this development. Third, it is related to a broad view of national security, which is understood not in a strictly military sense but in terms of protection of the national interest, including the economic dimension mentioned above, with particular reference to the Exclusive Economic Zone and the territorial sea.[63]

The conception of the Economic Exclusive Zone in 1947 and the incorporation of the Presential Sea in 1991, show how the government understood the importance of the sea as an economic resource to the country, and consequently took "bold and unprecedented actions beginning in 1947, [when] Chile and other nations asserted a national interest over areas theretofore held not to be subject to national jurisdiction."[64]

[62] Ministerio de Economía, Fomento y Reconstrucción, Ley 19.080 de General de pesca y acuicultura, septiembre 06, 1991. https://www.leychile.cl/N?i=30447&f=1991-09-06&p=
[63] Francisco Orrego Vicuna, "Toward an Effective Management of High Seas Fisheries and the Settlement of the Pending Issues of the Law of the Sea," Ocean Development and International Law 24, no. 1 (1993), 87-88.
[64] Gilliland, "The Chilean Mar Presencial: A Harmless Concept or a Dangerous Precedent," 417.

The military regime economic approach

A military government, led by General Augusto Pinochet, took control of the country from 1973. Considering that one of the main reasons for this intervention was the detrimental effects of the nationalization process to the economy,[65] Pinochet and his ministers focused on a deep economic restructuring. From 1978, they shifted from "the inward-looking period" towards an open and competitive economy, strictly following Professor Milton Freedman's liberal ideas. This policy shift resulted in the bankruptcy of nearly 80 percent of the national business and an unemployment rate higher than 20 percent.[66] The government privatized most of the state industries, except for CODELCO, the largest copper mining company in the country. Industries that handled vital elements of trade, such as harbors, became private business. However, after a couple of years, this radical shift began to show benefits. International trade was again at the center of the government's political policy to achieve one of the national objectives, social prosperity. As unemployment decreased, new competitive business replaced the stated-owned ones.

It is worth noting that such a dramatic change was perhaps only possible due to the centralized and officially unopposed type of government, considering that there was no Congress. These changes required a heavily centralized decision-making process and the collaboration of a private sector willing to invest money in a healthy, competitive financial and economic environment.

Also, the military government relied on a rather small private sector to perform these changes through a public-private alliance. A new small economic private elite emerged from this period. From 1991, a new democratic government continued with

[65] Collier and Slater, *A History of Chile*, pos. 5124.
[66] Collier and Slater, *A History of Chile*, pos. 5138.

similar economic policies, focusing on maritime trade, allowing the country to achieve the highest GDP per capita in Latin America.[67]

Today, the government has widened its approach to the sea, not only by its economic significance but pushing for marine conservation policies. In 2018, the President signed the second Oceanic Policy (the previous version was from 1977) seeking to face in a coordinated way the enormous challenges in ocean matters with a long-term perspective. The document highlights the importance of this policy for an oceanic country such as Chile, describing the context and legal regulations associated with the sea. It aspires to have a "healthy" ocean in terms of protection and conservation; "safe" for activities carried out therein; "formative" as a natural laboratory; "inspiring" from a cultural perspective; "predictable" about the natural phenomena that affect it. The Ministry of Foreign Affairs led the document's creation, but it was integrated with Defence, Economy, Environment, and the Navy. Shortly after, in 2019, the Ministry of Foreign Affairs published the country's new strategy *Mares de Chile, Visión 2040*,[68,] depicting the new holistic approach towards the maritime domain. The document recognizes the condition of Chile as a Maritime Nation (rather than a maritime power).

Mares de Chile, Vision 2040 identifies four pillars for this new relationship: a healthy ocean, a sustainable ocean, a secure ocean, and an ocean under a governance system. However, these strategies went beyond words: by 2016, the government had declared more than 43 percent of the country's EEZ as protected areas and the Environmental Ministry promulgated a number of regulations aimed at securing the sea for

[67] "GDP per Capita in Latin America," World Bank, last updated 2018, https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=ZJ-CL
[68] "Mares de Chile, Visión 2040," Ministerio de Relaciones Exteriores, last updated May 2020, *https://minrel.gob.cl/minrel/site/artic/20200124/asocfile/20200124155321/mares_de_chile_vision_2040.pdf*

future generations. The active role of the Foreign Affairs ministry in maritime affairs has an explanation. As the leading service for promoting free trade, the Foreign Affairs ministry understands the importance of the ocean's economic and social development in a very comprehensive way, as it will be discussed in the economic chapter.

Conclusions

The political approach to the maritime domain has been shifting back and forth during the nation's relatively short history. Beginning with a land-centered period during the Spanish rule, when the country was mainly an agrarian society, there was limited maritime commerce and most of it was reserved exclusively for Spanish ships. During this period, there was no real incentive to use the maritime domain to develop the country.

After Independence, General Bernardo O'Higgins, President Manuel Montt, and Minster Diego Portales understood that international trade was the most powerful engine to improve the nation's welfare. They transformed the state by creating a new elite in the country: traders in Valparaiso, the main port, instead of Santiago, the capital. The change was not made without opposition. O'Higgins ended up exiled, and Portales assassinated. However, their vision outlived them, and the country flourished during the nineteenth century as one of the most prosperous nations in the South Pacific. The founding fathers had an integral view on the maritime concept, not only favoring trade but also encouraging the growth of institutions such as the Navy and the Merchant Marine.

The problem with this model turned out to be economical. Trade was based on exporting commodities, such as nitrate, copper, or grains, rather than manufactured products. The revenues then depended on international market prices, which turn out to be beneficial for long periods, but not enough to support the economy during periods of

international crisis; in other words, there was no 'added value' to trade. But there were reasons for this: the short period between independence and the economic boom did not permit an integral development of society, such as the creation of the industry, specialized labor, and a robust financial system. To get around this issue, the government relied on foreign migration from Europe, who came attracted by the possibilities that Chile offered. These foreigners created the new industrial elite that, although it helped improve the nation's economy, was not enough to transform the society into a more commercial one completely. During the nineteenth century, most of the population remained agricultural laborers or miners in the northern part of the country.

The effect of relying on a commodities export model during an international crisis was massive unemployment. Liberal governments, recognizing these problems, tried to transform the society, and they sought to industrialize the country. Still, they were not able to make the transformations in time, and when the global recession hit the country, after the First World War, the country was still heavily reliant on the export of commodities. The new political system imposed an inward-looking period that reduced international trade, and thus the sea began to be seen again as a barrier rather than a highway. In doing so, they turned the country back to what has been their most successful mean of flourishing, the real concept of trade. Instead of giving more political power to the mercantile classes, they expanded the government. creating inefficient industries oriented to the internal market and turning the population away from the sea.

However, during this inward-looking period, there were interesting initiatives to maintain the sea as an important (but not vital) element of the country. The building of a large Navy relative to the size of the country, the creation of laws that secured maritime

resources for the country, and the annexation of Easter Island and Antarctica as elements of future incomes all reflect a notion about the importance of the sea to the nation.

From 1982 on, the government reopened the markets again for international trade, which ended up creating a vast network of free-trade agreements. The government understood that exploiting the maritime domain would be essential for accessing new markets to keep the economy running. The results are seen today; although still heavily dependent on the export of commodities, the country has managed a system to distribute the benefits of this trade in a better way, helping to build one of the largest middle class in the region with the highest GDP per capita.

Perhaps from a political perspective, the Chilean approach is somewhat limited compared to other maritime power examples, such as Britain. Nevertheless, during the relatively short history of the country, a wide range of political governments, liberals, conservatives, authoritarian dictatorships, etc., had deliberately set the conditions for the maritime domain to improve the country's well-being. And this raises an interesting question. It seems that the Chilean case challenges Andrew Lambert's argument regarding to the necessity of having an inclusive type of government for developing a maritime power.[69] The Portales and Pinochet governments, which set the bases for the two most expansive maritime cycles, were definitely not products of large debates or opinions of the majority as Lambert argues, but quite the opposite. Portales was a conservative, more attuned with antidemocratic ideals, while the Pinochet era was an autocracy, and neither government proposed land-centric policies.

[69] Lambert, *Seapowers States*, 4-5.

Finally, there is truth in the argument that Chile is a maritime nation and perhaps not a maritime power yet. However, evidence supports that through most of its history, different types of governments have made significant political efforts to transform the country into a maritime power and, in time, acquire a better understanding of the benefits of achieving this condition.

Chapter 4: The Maritime Economy

> "Almost 95 percent of our foreign trade, which accounts for more than 52 percent of our gross geographic product, is transported by sea. We also depend on energy imported by the sea (98 percent of oil and 95 percent of the gas and coal we consume)."[70]

Arguably, one of the most decisive factors for a country to embrace the sea is the economic benefits that this domain brings to the national well-being. After all, politicians and business people would not pursue this integration unless they foresaw a dramatic opportunity for the nation. But approaches vary. The Chilean experience has been different from that of other maritime powers such as Athens, Venice, or Britain, because of the geographical position of Chile relative to international markets, its comparatively small economic power, and, most importantly, because the country is in the process of building this relationship with the sea. The relationship has been built through a mixture of top-down and bottom-up processes, guided by political leaders whose vision prevailed, not without friction, and supported by private entrepreneurs. It is also worth noting that due to the short implementation time, the process is still far from realized. The country's social, political and economic structure was not mature enough to sustain a maritime economy in time, making it a rather sinusoidal process, with some high peaks, correlated with periods of increased world trade, such as in the nineteenth century, and the actual period of globalization.

[70] Chilean Navy, *Our Horizon in the Pacific, the Oceanic vision of the Chilean Navy* (Valparaíso: Imprenta de la Armada, 2019), 5.

This chapter will explain that in the first place, the historical economic activities of the country have usually more related to land than sea. Mining and agriculture have been the pillars of the Chilean economy since its colonial times. Whether it has been the saltpeter, copper, or lithium, mining had always been a lucrative activity that had attracted foreign and national investors. But because traditional trading markets have usually been far from the country, the maritime domain has been a vital element of the Chilean economy. Second, it will explain the two attempts of the country to open to these markets, and the role that maritime industry has had in them. Both cases, the first one in the mid-nineteenth century and the second beginning at the end of the twentieth century, have common elements but different social, economic, and infrastructure constructs. Finally, the chapter will offer a brief discussion of the importance of the maritime economy for the country and whether it has the capacity to transform the country into a maritime power.

Chile, an agrarian and mining society

Chile's main economic activity during its history has been largely related to the land. As we discussed in previous chapters, Spanish colonizers chose the country's central valley to settle down and began the exploitation of the land. By the end of the seventeenth century, the national economy, in charge of a few landlords, was centered between Santiago and Concepción, two landlocked cities. This rather small area, when compared to other provinces of the Spanish Crown, was fertile enough to produce food, initially for internal consumption, and after some years for export to other regions of the Spanish empire, especially Perú.

By the end of the eighteenth century, Chilean exports to Perú were, in order of significance: wheat, copper, animal fat, wine, leather, and dry meat. The imports, all of

them controlled by the Crown's monopoly in Perú, were mostly manufactured products from Europe, sugar, wool clothing, cotton, and rice.[71] The commercial exchange was rather simple, and there was no real relation to the sea other than transporting these products back and forth between ports, an activity administered exclusively by the Spanish Crown, who forbade trade with other nations, such as the Dutch and the British who had, since the early 1700s, been visiting the country searching for commerce.[72]

The wheat market was particularly important for the national economy, especially after independence. By 1850, cereals contributed to nearly 81 percent of the total revenues for exports, and between 1866-70 74 percent; before the turn of the century, it remained around two-thirds of the county's total revenues from exports.[73] The new markets were Australia, California and Britain,[74] and the exports were possible due to improvements in shipping, which reduced both tariffs and times of transportation.[75]

The second pillar of the economy was mining. The mining boom began with silver in the seventeenth century, followed by nitrate in the nineteenth, and copper from the twentieth to the present. It steadily became Chile's main source of income. During the nineteenth century, the national economy had two expansionary cycles, closely related to the export of these products to world markets. In the 1850s and 1860s, economic growth was linked to the rising prices of wheat, silver, and copper. Consequently, public finances

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[71] Benjamín Vicuña Mackenna, *Obras completas, Historia de Valparaíso, 1869*, (Santiago: Universidad de Chile, reprinted 1936), 248. http://www.memoriachilena.gob.cl/archivos2/pdfs/MC0002293.pdf
[72] Diego Barros Arana, *Historia General de Chile, Tomo Tercero La Colonia desde 1561 hasta 1610*, (Santiago: Editorial Universitaria, 2000), 23.
[73] Arnold Bauer, *Expansión económica en una sociedad tradicional: Chile central en el siglo XIX* (Santiago de Chile: Universidad Católica de Chile, 1973), 163. http://www.memoriachilena.gob.cl/602/w3-propertyvalue-151651.html
[74] Daniel Martner, *Estudio de la Política Comercial Chilena e Historia Económica Nacional*, Tomo1 (Santiago: Imprenta Universitaria, 1923), 283.
[75] Bauer, *Expansión Económica*, 167.

stabilized, and tax revenues grew for the first time after independence. The financial system was modernized with the creation of numerous credit institutions supported by the Banking Act of 1860,[76] and also, the government made a first attempt to connect the productive zones and the ports through investment in the infrastructure of the central valley, the most productive region of its time.[77] Consequently, with the economic take-off and the growth of urban centers, the first domestic market-oriented industries were developed in the country. Chile's economic expansion was a subsidiary of the dramatic growth of European industrial economies, which reached their climax in the mid-1860s.

After the Pacific War, in 1879, and the incorporation of the rich nitrate regions of Tarapacá and Antofagasta, the country experienced a new economic growth cycle, this time linked to the export of saltpeter. The economic structure became more complex, public services expanded, and tax accounts stabilized again. The new markets and the expanding urban centers energized the economy, creating significant demand for industrial goods that began to be met in part by domestic products.[78]

World War I had a formidable effect on the industry, raising saltpeter prices and increasing imports. However, at the end of the conflict, the prices of Chilean commodities fell sharply, affecting not only the main source of income of the country but also leaving many miners unemployed and, worst, unable to adapt to another type of job. For the next fifty years, governments slowly began to reformulate their economic policies and move away from liberal orthodoxy. From the second half of the 1920s, the state took an active role in economic development, based on the principle that industrialization would lift the

[76] Eduardo Cavieres Figueroa, *Comercio Chileno y Comerciantes Ingleses, 1820-1880: Un Ciclo de Historia Económica* (Valparaíso: Ediciones Universidad Católica de Valparaíso, 1988), 116-127.
[77] Martner, *Política Comercial Chilena*, 275-76.
[78] Martner, *Política Comercial Chilena*, 442-56.

country out of the economic crisis and make it less vulnerable to fluctuations in the international economy. The core of this new orientation was the assumption that the country could substitute export commodities by developing the domestic industrial capability.

In contrast but in parallel, a copper boom after World War I brought companies from the United States to exploit Chile's deposits, which were one of the largest in the world.[79] American companies invested a large amount of money to begin the exploitation of new copper deposits. Using this boom, Chile regained its place as one of the world's leading copper producers. Due to political unrest and considering that most of the profits that these companies generated did not stay in the country, copper production was nationalized,[80] creating the largest state-own company, CODELCO[81] that is still one of the major players in the national and international mining industry.

Mining and agriculture, with all its variants, such as the wine industry, remain the most important economic activities of the country. New mines have opened, including for lithium, and the country's central valley remains a very productive region with agricultural products and cattle that are mostly for external markets. It will be difficult for the country to shift from these economic pillars in the short and medium-term. However, all these activities are heavily dependent on the maritime domain for its distribution, which reinforces the case for the country's maritime approach to the sea.

[79] Alexander Sutulov, "Antecedentes Históricos de la Producción de Cobre en Chile" in *El Cobre Chileno* (Santiago: Corporación del Cobre, 1975), 115. http://www.memoriachilena.gob.cl/602/w3-article-98262.html.
[80] Sutulov, "Antecedentes Históricos de la Producción de Cobre en Chile," 99.
[81] CODELCO: Corporación del Cobre: A Chilean state-owned mining company.

The first maritime challenge

Given that the country's core economic activities are related to commodities and that their main markets, as we explained in the geographical chapter, are not in Latin America but instead Asia, the United States, and Europe, maritime trade becomes then an essential factor for the subsistence of the country. Some early politicians, such as O'Higgins and Portales, understood this early on the emancipation process.

If O'Higgins was the visionary, Minister Portales was the implementer. While the former opened the Chilean ports for international trade,[82] the latter understood that to compensate for the county's relative weak position in relation to its neighbors, it was necessary to become a trading power.[83] To achieve it, he created basic institutions, such as the Navy, a merchant marine, warehouses, and a legal framework, using a top-down approach, that created a certain level of friction, in particular with the landlords, the nation's elite, who perceived a challenge to their power in the new economic class this would create. Portales was an admirer of the British trading system; he went as far as saying (hopefully joking) that he would "rent" the country to Britain for their administration.[84] The concept was rather simple; use the geographical position of Chile as a way to project the European interest into the Pacific Rim, investing in an advanced custom system and the fiscal warehouses that could be used to store merchandising for up to two years without paying taxes.[85] The effects of these laws are depicted in the 1834 Finance Minister's speech to Congress:

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[82] Enrique Larrañaga, "Bernardo O'Higgins, forjador del Poderío Marítimo de Chile," *Revista de Marina*, no. 4, (2006): 353.
[83] Diego Portales to Manuel Blanco Encalada, September 10, 1836. https://historiachilexixudla.wordpress.com/2008/09/03/epistolario-de-diego-portales/
[84] CarlosSazo and Lautaro Ormazábal, "El Poderío Marítimo en el Epistolario de Don Diego Portales," *Revista de Marina*, no. 4 (1996), 3.
[85] Francisco Antonio Encina, *Historia de Chile Tomo 26* (Santiago: Editorial Ercilla, 1984), 54.

> Among them, of particular mention are those that are now part of the customs ordinance, because its influence must be attributed to the extraordinary momentum that our foreign trade has received since the deposit regulation declared Valparaiso a free port. The value of goods in transit worth now many millions when there has barely been time for the news of this provision to come to the trading peoples with whom we have relations. And Valparaiso, which has become the freedom of laws in the main and largest market in the Pacific, sees ships of all nations that come to exchange from the manufactures of Europe and Asia to its bay, for the rich products of the part of America located on the coast of the Southern Sea. [86]

By 1852, although the country was still an agrarian society, nearly sixty percent of its budget came from customs revenues.[87] The 1853 report to the Congress made clear the State effort to build up a Maritime economy by improving foreign relations with all those nations that favored Chilean foreign trade; by developing a plan to improve communications from productive areas (in the country's central region) to ports; by improving the custom service and its laws; by promulgating a law establishing the geographical limits of Chilean fisheries; and by improving harbors.[88]

The second major factor exploited during this time, begun by Portales, but followed by most succeeding Finance Ministers, was the building of a strong merchant marine, to move this cargo through the Pacific. Since 1813, the state passed laws to promote national merchant shipping. The word "cabotage" was redefined as the transport of goods between Chilean ports, and a special tariff was granted for ships under the national flag. Portales

[86] Ministerio de Hacienda, *Memoria del Ministro de Estado al Congreso Nacional, 1834*, 243.
[87] Ministerio de Hacienda, *Memoria del Ministro de Estado al Congreso Nacional, 1834*, 58.
[88] Ministerio de Hacienda, *Memoria del Ministro de Estado al Congreso Nacional, 1853, 17.*

created a merchant marine academy to increase the number of Chileans crewing these ships.[89] However, by 1840, the state recognized that maritime trade could not be left only in national hands, partly because of the lack of capital caused by the comparative lack of interest in shipping investment. Thus, they opened it again to all flags, abandoning protectionism.[90]

The war against Spain in 1866 and the danger the Spanish fleet posed to the merchant shipping had profound consequences for the national merchant fleet, which was forced to change to foreign flags, reducing it by the beginning of that year to nearly zero.[91] After the war, the fleet was rebuilt, growing to become one of the largest in the South Pacific, transporting goods from Chile to Asia, Australia, Polynesia, and the United States.[92] The merchant fleet grew in importance to the point that it was declared a strategic asset of the State,[93] and it proved to be decisive during the War of the Pacific in 1879, maintaining the logistics between Valparaiso and the expeditionary Army in Perú.

The growing importance of Chile, as a trading post and mining center, attracted European commercial houses which established themselves in Valparaiso. By the end of the nineteenth century, Valparaiso "had nearly 150 thousand inhabitants, but its commerce was two times larger than any U.S. city of similar size."[94] The leading national newspaper, *El Mercurio,* argued that free trade ideas were a "national doctrine."[95] Trading houses such as the British Williamson & Balfour, Duncan, Fox & Co., Gibbs, Huth & Co., or the

[89] Diego Portales to Antonio Garfias, March 17, 1832. https://historiachilexixudla.wordpress.com/2008/09/03/epistolario-de-diego-portales/
[90] Ministerio de Guerra y Marina, *Memoria del Ministro de Estado al Congreso Nacional, 1841*, 10,11.
[91] Ministerio de Guerra y Marina, *Memoria del Ministro de Estado al Congreso Nacional*, *1866*, 24.
[92] Martner, *Política Comercial Chilena,* 283, 284.
[93] Ministerio de Guerra y Marina, *Memoria del Ministro de Estado al Congreso Nacional*, 1859, 16, 17.
[94] Frank G. Carpenter, *South America. Social, Industrial, and Political. A twenty-five- thousand-mile journey in search of information* (Boston: Geo. M. Smith & Co., 1900), 199.
[95] *El Mercurio*. N° 9142, December 26, 1857.

Germans Vorker &Co., Weber & Co., and Gildemeister, operated in Chile. Their business was to import finished products from Europe, and export saltpeter, minerals, and food.[96] The exchange of goods flourished along with the new banking system. The first stock exchange of the country was established in Valparaiso, not Santiago, in 1892, as well as the first international banks.[97]

But a closer look at the system reveals that the national economic system was not mature enough to sustain by itself in times of crisis, even if the government did well to take advantage of this first era of globalization. What the first administrators, such as Portales, did was to import a model that had worked in industrialized societies, such as Britain, and implanted in the incipient economy of Chile.[98] For example, rather than importing raw materials and transformed them into finished goods, to increase their value, the Chilean system was the opposite. The economic boom of the country did not come from what Professor Geoffrey Till describes as the virtuous economic circle.[99] Most of the revenues from the commodities did not stay in Chile but instead went back to the where the investors had their offices, mostly London. Chile only got its share by custom revenues from the taxation of these commodities. By 1850, nearly 60 percent of the Chilean treasury income came from these taxations, a ratio that kept rising until the beginning of the twentieth century. In other words, in order to increase national income, the government was not necessarily interested in fomenting the maritime industry; instead, it just needed to enlarge the number of goods and commodities that were traded. Most of the capital invested in the

[96] Juan Ricardo Couyoumdjian, *El alto comercio de Valparaíso y las grandes casas extranjeras, 1880-1930. Una aproximación* (Santiago: Universidad Católica de Chile, 2000),73-75.
[97] Eduardo Cavieres Figueroa, *Comercio Chileno y Comerciantes Ingleses, 1820-1880: Un Ciclo de Historia Económica* (Valparaíso: Ediciones Universidad Católica de Valparaíso, 1988), 122.
[98] Daniel Martner, *Estudio de la Política Comercial Chilena e Historia Económica Nacional* (Santiago: Imprenta Universitaria, 1923), 119.
[99] Geoffrey Till, *Seapower, A Guide to the Twenty-First Century* (New York: Routledge, 2018), 18.

country was foreign, particularly from the European commercial houses mentioned earlier, meaning that the property of the mining companies, railways, ports, and even shipping, was in international hands rather than owned by Chileans.[100] Consequently, under this financial system, there was little room for the government to make centralized plan that could improve the public infrastructure to transform the revenues from commodities into an effective improvement of the population well-being, a factor that would become evident latter, during international crises.

But capital was not the only element controlled by foreigners. Due to shortages on specialized labors, technical schools, and the national industry, most of the technical work was performed by Europeans, especially in mining and industry, the most productive areas of the national economy.[101] Because the whole productive system was based in trade, not of industrial/manufactured goods, but commodities, revenues were heavily depended on external markets, and the prices were dictated, as they are today, by the numbers of competitors and the demand of the product. So when the recession struck the world, after the First World War, and Germany invented synthetic saltpeter, foreign investors saw no more incentives in the country, and they simply took their capital and knowledge away, leaving Chile without enough resources to reinvest, without skilled administrators to run the companies, and without trade to transport on ships.[102] As a result, not only did the economy of the country collapse, but it raised questions about the government's ability to run the economy. New generations of economic thinkers raised a critical voice to the dominant liberal economic model, questioning the lack of state intervention in solving

[100] Couyoumdjian, *El alto comercio de Valparaíso,* 70.
[101] Cavieres, *Comercio Chileno y Comerciantes Ingleses,* 141-45.
[102] Couyoumdjian, *El alto comercio de Valparaíso,* 98-99.

social issues and the role that foreign capital had achieved in the economy alongside the absence of the national entrepreneurship.[103]

But as discreditable as the system was for these new economic thinkers, this period left an important amount of infrastructure within the country. Foreign industrials invested significant resources in building networks to bring the products closer to ports. During this period, railways connecting mines to ports flourished as well as roads and communications systems. New ports were built, and the materials to build most of these new infrastructures were tax-free.[104] Efforts were made to "give to Chiles's most productive agriculture area access to the sea."[105] The economic system recognized that the vital element for trade was the sea, and as a result, several finance ministers passed laws to that end. Consequently, the country saw a transformation from being one of the poorest of the region to one of the wealthiest.[106] Perhaps, if it was not for the interwar economic crisis, the country would have had enough time to reinvest the revenues from trade into better infrastructure, raise national capital and create a more mature society, with enough skills, knowledge and welfare distribution to keep the economy in the absence of foreign capital.

The Great Depression hit Chile harder than any other country in Latin America.[107] Subsequent governments, instead of supporting free trade, believed that the only way to improve the economy was to build a self-sufficient industry, creating goods for the internal market, and heavily taxing all foreign products. This economic ideal, known as

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[103] Aníbal Pinto Santa Cruz, *Chile, un caso de desarrollo frustrado* (Santiago: Editorial Universitaria, 1959), 107-108.
[104] Martner, *Política Comercial Chilena,* 119.
[105] Pinto, *Chile, un caso de Desarrollo Frustrado*, 22.
[106] Enrique Mac-Iver, *Discurso sobre la Crisis Moral de la República,* (Santiago: Imprenta Moderna, 1900), 10.
[107] Pinto, *Chile, un caso de Desarrollo Frustrado*, 110.

Industrialización por Sustitución de Importaciones, was devastating for the country.[108] While these barriers had aimed to stimulate industrial development that was supposed to be the engine of the growth of the Chilean economy, in reality, it transformed the economy into a very inefficient one, with unproductive state industries, and unsustainable monopolies. The system brought decades of political turmoil that ended in a military coup in 1973. The new government established a liberal economic system, and the strategy was to open up the country to stimulate new exports, forcing all sectors to open up to external competition, abolishing domestic monopolies, stimulating the absorption of new technologies, improving the quality of products and opening up of new markets.[109]

Globalization, a new opportunity

The second attempt to open Chilean markets to the world economy came during the early 1980s, in a very similar fashion than the first, when the country embraced a liberal economic system again, using the advantages of the new globalization process. Although still heavily dependent on the export of commodities, free trade and specifically maritime trade became once more a critical factor in the Chilean strategy; although this time, the country's society, the infrastructure, and the financial system were better prepared for the challenge.

By the end of the twentieth century, Chile had no less than 29 free trade agreements with 65 other nations, accessing 67 percent of the world population, and 88 percent of the

[108] Gabriel Palma, "Chile 1914-1935: de Economía Exportadora a Sustitutiva de Importaciones*," Estudios Cieplan* no. 12, (1984): 61-68.
[109] Dominique Hachette, "Las Reformas Comerciales y Financieras" in *Chile en pos del Desarrollo*, ed. Rodrigo Vergara and Felipe Larrain, (Santiago: Centro de Estudios Públicos, 2000), 17.

world GDP.[110] This was not new; during the first liberal regime, the country had signed free trade agreements with Mexico, in 1831; the United States in 1832, France in 1846, and even Sardinia in 1856.[111] Efforts were made to open trade with Calcutta as early as 1812.[112] These agreements were signed to gain favorable access to Chilean products in the markets of the world. A similar process began in 1990, when the newly installed government used the liberal economic system created during the military government, to open the internal competitive market to foreign investment. Between 2010 and 2018, trade represented 52.1 percent of GDP.[113] And significantly during the same period, 93.3 percent of this trade traveled by sea. The sea became again a vital element of the Chilean economy, not to mention all the other economic activities directly linked to it, such as fisheries, tourism, mining, and energy. Interestingly, the figures in terms of the amount of trade per region have a similar distribution in 1850 as in 2020. Europe, the United States, and Asia are the main markets for the bulk of Chilean exports, rather than Latin America.[114]

The opening epigraph, although impressive, might not represent the correct link between the economy and the maritime condition of the nation. In other words, dependence on maritime trade does not necessarily make a country a maritime power; rather, it is the country's will underneath these figures that defines the condition. For example, how maritime is a state that heavily depends on the sea for commerce but relies on third parties from the administration of the ports, for transporting the cargo, and even for the defense of the latter? This is an interesting point to demonstrate that Chile has begun to understand the

[110] Acuerdos Comerciales, Subsecretaría de Relaciones Económicas Internacionales, last update 2020, https://www.subrei.gob.cl/modulo-de-acuerdos-comerciales/
[111] Martner, *Política Comercial Chilena*, 160, 166, 231, 285.
[112] Martner, *Política Comercial Chilena*, 141.
[113] Gustavo Jordán, "¿Cuán Dependiente será Chile del Transporte Marítimo a Fines del Siglo XXI?", *Revista de Marina*, no.3 (2019): 24-33.
[114] Martner, *Política Comercial Chilena*, 254.

relationship between national interests and the sea. By privatizing the ports, a critical link for trade, the state allowed Chilean investors to control and upgrade them. The know-how gained from this process is depicted in the 2007 Inter-American Development Bank report:

> The effects of concessions have been very favorable, as dealers have invested in equipment and physical infrastructure, rapidly increasing the productivity of concessions berths. Transfer speeds have tripled, and the costs of Chilean ports are among the lowest in the world. Privatization also allowed the state to raise more resources, both for the down payment when the concession was awarded, the annual levy, and for port charges. [115]

The know-how on port management became a business, and today, Chilean companies are managing not only the national port but many others all over both coasts of the American continent.[116] They have also become regional leaders in tug services, with a fleet that numbers fourth in the world.[117] The shipping industry also became a relevant actor, and until today, there is still political discussion about whether to open or not cabotage for foreign ships. The *Compañía Sud Americana de Vapores* (CSAV), established in 1872, was the largest Latin America shipping company until its fusion with Hapag-Lloyd in 2014. They not only transported national goods, but their operation still transports cargos for the rest of the continent. In 2001 figures, Chilean companies were almost double in the next competitor in South America, Brazil, in terms of transported TEU[118], and were ten times larger than the third, Argentina.[119] Today, Chile has more than 70 shipping companies of

[115] Ronald Fisher and Pablo Serra, "Efectos de la Privatización de Servicios Públicos en Chile*"*, in *Cono Sur, Serie de Estudios Económicos y Sociales*, CSC-07-009 (2007): 7.
[116] "Port Terminals," SAAM, last update 2020, https://www.saam.com/en/port-terminals/
[117] "Towage," SAAM, last update 2020, https://www.saam.com/en/towage/
[118] Twenty-foot Equivalent Unit
[119] Jan Hoffman, *Transporte Marítimo Regional y de Cabotaje en América Latina: El Caso de Chile* (Santiago: Naciones Unidas, 2001), 21.

different sizes operating within the country, and many of them also operating in the international markets.[120]

Shipyards are becoming another important industry. Today, 54 shipyards operate in Chile, only one of them state-owned. ASMAR, *Astilleros y Maestranzas de la Armada*, is administrated by the Navy, and it is currently building its largest project, a 10,000 ton icebreaker. Although this shipyard is capable of building warships, its focus today is the auxiliary units of the service, delivering more than fifty of these units. Established in 1895, it is refitting not only Chilean warships, but Ecuadorian and Argentinian ones as well.[121] But there are also other private shipyards, such as ASENAV, in Valdivia, with more than 180 ships built for internal and external markets.[122] Although a very small market when compared to those in Korea and China, these shipyards plays an important role within the local community. Local universities have created maritime-related careers, such as marine engineers and marine architecture, to provide the technical knowledge that this business requires.[123]

Fisheries are another interesting element to analyze. Chile has been a major actor in this industry, but it has constantly been falling behind. In 1994, it held third place in the total world capture; in 2010, it was in the tenth position, and today is in the twelfth.[124] Even though a relevant number, it only employs nearly 0.9 percent of the Chilean workforce,[125]

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[120] "List of Shipping Companies," Mundo Marítimo, last modified May 2020, https://www.mundomaritimo.cl/empresas/listado?categoria_empresa=Navieras.
[121] "Construcción Naval," Astilleros y Maestranzas de la Armada, last modified 2019, https://www.asmar.cl/buques-armada
[122] "Construcción Naval," Astilleros y Servicios Navales S.A., last modified 2020, http://asenav.cl/es/construccion/
[123] "Naval Engineering," Universidad Austral de Chile, last updated May 2020, http://international.uach.cl/engineering/#1546873360705-82f2dbb4-888e
[124] Gideon Long, "Pesca en Chile: Una Carrera contra el Tiempo," *Business Chile,* August 20, 2012, https://www.amchamchile.cl/2012/08/pesca-en-chile-una-carrera-contra-el-tiempo/
[125] "Estadísticas de Empresas por Rubro Económico," Servicio de Impuestos Internos, last modified Sept 2016, http://www.sii.cl/estadisticas/empresas_rubro.htm

and in terms of GDP, the industry represents only six percent.[126] Are these numbers relevant when deciding if Chile is a maritime nation? Perhaps yes, mainly for two reasons. First, although fishing happens all along the Chilean coast, it is particularly concentrated in certain cities, such as Iquique, Talcahuano, and Puerto Montt. The latter has a complete economic system created around the salmon industry. Well boats, ferries, floating farms, freighters, divers, and many other services are built around this industry, which produces the largest number of salmon in the world, and is the second-largest export after copper, with annual revenues around US $4.6 billion.[127] A second factor is the reasons behind the shrinking numbers of the annual catch. The government, acknowledging the need to create a sustainable industry for the future, had applied annual quotas, reducing the yearly catch of those migrant species that might be endangered. Also, nearly 43% of the Chilean EEZ is protected by different laws, making Chile the country with one of the most significant percentages of protected areas related to its EEZ, designed to secure the sustainability for this industry.[128] By acknowledging the sea as a vital element for future generations, the country is recognizing it as an integral part of the country's resources, and not just something incidental.

The maritime domain is also vital when analyzing country dependence on energy. If, in the year 1985, Chile imported 29 percent of its energy needs, in 2016, it was 73 percent and growing.[129] Most of this energy is transported to the country through shipping. If this flux is interrupted, the results for the country would be devastating. A recent study

[126] "PIB Silvoagropecuario y Nacional, 2018," Oficina de Estudios y Políticas Agrarias, last modified 2019, https://www.odepa.gob.cl/estadisticas-del-sector/estadisticas-economicas.
[127] Gideon Long, "Pesca en Chile: Una Carrera contra el Tiempo," *Business Chile*, August 20, 2012, https://www.amchamchile.cl/2012/08/pesca-en-chile-una-carrera-contra-el-tiempo/
[128] "Areas Marinas Protegidas," Ministerio del Medio Ambiente, Chile, last modified May 2020, https://mma.gob.cl/la-superficie-total-de-las-areas-marinas-protegidas-es-mayor-que-la-de-chile-continental/
[129] "Dependencia Energética y Desafíos Para Mejorar su Eficiencia," *El Mercurio*, March 10, 2014.

proposes that the first effect would be seen in the first weeks, and the whole industrial production would be paralyzed in a couple of months in the best case, making the importation of oil and gas from a problem of national security.[130]

It is also worth noting a point discussed in the political chapter, how the state uses its revenues to support Defense. The Chilean case has its version of Themistocles' plea for the use of revenues from the silver mines of Argentum. The so-called Copper Laws (Law N° 13.196) passed in the year 1958, stated that 10 percent of the total revenues of the copper industry should be used for acquiring defense equipment. Although it started with the largest share for the Navy, it ended up distributing these incomes evenly between the armed forces.[131] This law allowed to build the actual fleet and remains an example of the efforts made by the state to use economic revenues for security even though the constant pressure from other sectors of the society, such as health and infrastructure.

This second approach to the sea is still developing. As was acknowledged from the beginning, this is a process that is always evolving, adapting not only to technology, markets, and foreign policy but also to new challenges such as climate change and sustainability of the resources that the maritime domain can offer to new generations.

Conclusions

The Chilean economic model is certainly different from those classic maritime economies, such as nineteenth-century Britain, or twenty-first century Singapore. The country does not have the industrial capacity to attract commodities from abroad and transform them into

[130] Jordán, "Transporte Marítimo" 24-33.
[131] "Ley Reservada de Cobre," Biblioteca del Congreso Nacional, last modified Jan 1958, https://www.leychile.cl/Navegar?idNorma=27380&buscar=13196

finished goods of the former nor the robust and focused maritime service industry of the latter. The country's reality gravitates to agriculture and mining, land-related industries. However, Chile's vital dependence on maritime trade, for accessing its main markets outside the continent, its critical dependence on imported energy, and most important the state recognition of this situation by creating policies to encourage private and public investment in infrastructure, are all signs of a maritime awareness that obviously should be increased, consistent with the maritime destination to which geography impels it, but important enough to consider that maritime oriented business model, along with free trade has contributed in an important way to the well-being of the nation.

It is also important to acknowledge that the classical model of a maritime city, full of warehouses and markets with a large number of its population working in maritime-related services is being replaced by highly technological intermodal terminals, usually outside the cities, where the ancient ship loader is replaced by single man operated cranes. The shipping companies as well are using fewer crews to man larger ships, so it seems that the workforce needed to man the maritime industry is continuously decreasing its size when compared to other businesses.

Does this mean that the culture of the country will be affected? Perhaps, but from an economic perspective, it does not mean than the country will be less attuned with the sea. In fact, in the Chilean case, the recognition not only by the government, but also from the private sector that the maritime business is essential for developing the country, is probably the main reason why they have created in the last fifty years a large number of maritime services. These include transport, port managing, tug services, and many others, not only in Chile but in South America; they generate national know-how in maritime business models, and that contributes to the enlargement of the maritime business culture.

It also seems important to recognize that the main enabler of the Chilean maritime economy is globalization and free trade. These two very related factors have been present during both periods of intensive maritime trade. Fair access to foreign markets has been essential for developing this industry, and the country has flourished during these periods. It has also shown how dependent is the national economy on stability and the world order. Perhaps the acknowledgment of this vulnerability has pushed the government to invest in the country's Navy and to understand this service not just as a pure military capability to defend the country's borders, but as a contributor of a more complex international system to maintain the maritime order.

Finally, this case makes a significant point; it shows how a nation, that is, the government and private interests have transformed a weakness into a strength. So, it is not about the figures, the 95 percent of trade performed via maritime domain, or the dependency on the latter for energy that gives the country a maritime characteristic; rather, it is the national strategy to secure those figures that matters for a country to be regarded as maritime. The economy, that is maritime free trade, had been the most powerful enabler of the development of the country, putting the sea in the center of the debate. The national understanding of the need to protect this trade had given life to institutions like the Navy, not the other way around. This is not the case of an over simplified reading of Mahan, rather, it has been a long trial and error process that have brough several lessons, sometimes learnt, to improve the national well-being. The process of becoming a maritime power is not completed, but it seems that the government maritime policies, based on their understanding on the benefits of that domain, such as trade, are heading into the right direction.

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