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PATHS OUT OF PATRIMONIALISM: THE POLITICAL ECONOMY OF STATE-BUILDING IN 20TH CENTURY LATIN AMERICA

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To Christelle, for keeping the path lit.
To Emilio and Rafael, for making the journey worthwhile.

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Abstract

Patterns of state-building in Latin America varied greatly during the 20th century, but the nature and origins of these differences are still poorly understood. This dissertation offers a novel explanation for the long-term institutional development of Latin American countries, based on the social origins of state-building. The argument traces these differences to a critical juncture that was initiated with changes in the world political economy after the outbreak of the first World War in 1914. These changes allowed local political actors throughout the region to develop a certain degree of autonomy from economic elites as well as foreign powers and initiate projects of state reform with the support of newly created social coalitions. I identify three paths of state building: a professionalizing route, which characterized the trajectories of Brazil and Chile, where reformers were able to garner the support of middle and upper-class actors to build a technically competent, but limited state-apparatus. In a second path, followed by Argentina and Mexico, reformers built a populist coalition of middle and lower-class actors aimed at attracting large segments of society into the realm of interactions with state institutions, enlarging their scope without significant professionalization. Finally, a third, gradualist route, was taken in Uruguay and Costa Rica, where reformers forged a very broad social coalition to incrementally professionalize and expand the reach of the state apparatus. These different routes of institutional building had effects not only on crucial state-capacity outcomes such as the ability to successfully tax and regulate society and the extent to which state authorities can garner compliance from the citizenry, but also on regime outcomes, determining the extent and degree to which members of the population of these countries became active members of their respective polities and whether or not they could effectively influence the levers of political power.

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Introduction

The sources of long-term variation of Latin American states have only recently started to be studied in systematic fashion. To be sure, an interest in the state has shaped seminal arguments made by Latin American specialists regarding topics as varied as democratization (O'Donnell 1993, Linz and Stepan 1996), revolutions (Goodwin 2001), social movements (Yashar 2005), and the political economy of development (Mahoney 2010), among others, but in almost every instance "stateness" or specific characteristics of state institutions have been part of the *explanans*, not the *explanandum*. The foundational work of Centeno (2002) testing the "war made the state" hypothesis (Tilly 1985) brought Latin American institutional development in conversation with standard state-building theory, showing that in spite of its prevalence during the 19th century, war did not elicit the formation of strong states in the region due to differing historical conditions present at the time, particularly the availability of alternative sources of revenue and a certain political "aloofness" on the part of the upper class in these countries. Centeno's argument is certainly well suited to understand the differences separating the average Latin American state from the Western European archetype but tells us little about the large differences that exist within states in the region.

It is only the recent work of López-Alves (2000), Kurtz (2013), and Soifer (2015), that has directly addressed the question of state variation within the region. These authors have developed a set of theoretical propositions that account for some of the specificities of state-building in the region, without completely turning away from the "logics" that inform the state-building canon stemming from the study of the European experience. These accounts have added specificity in two ways: the first one has been through their

focus on the role of historical junctures that obtained in the context of post-colonial Latin America—the creation of national institutions and the insertion into the world political economy during the 19th century, and the political incorporation of mass actors during the 20th century—in structuring critical institutional choices. Second, they have generated new hypothesis regarding the effects of conflict and socioeconomic structure on the long-term development of state institutions[1]. While these works take us closer to solving the riddle posed by differences in state capacity in the region and its connection to other aspects of political development, many questions remain unsolved. The most important of these questions is still, in some way, the simplest: what explains differences in institutional strength in the region? Of similar consequence is the question of the regime implications of state-building trajectories: has the process through which Latin American states acquired their modern traits bear any effects upon the evolution of democracy and authoritarianism in the region?

In attempting to answer these questions, I shall make four major claims in this dissertation: first, state-building processes in Latin America were enabled by the disruptions of the international system and global markets that occurred during the first half of the 20th century[2], to an extent that has not been fully appreciated in the existing literature. While there were specific instances in which the geopolitical environment had

[1] This brief discussion does not do justice to the nuance and sophistication of these authors' arguments, but I hope this analytical "short-cut" allows the reader to quickly identify the puzzle that this dissertation deals with and locate its main propositions within the broader literature. In Chapter 1 I revise in detail these contributions and place my own argument in conversation with them.

[2] It could certainly be argued that a general "sensitivity" to external shocks characterizes state-building in the post-colonial world, but it is not at all clear that it should have similar effects. For example, it could be argued that the comparatively higher density of ties of economic elites in Latin America with foreign capital has conditioned the policy of intervening powers towards the region. Because these differences matter for state-building outcomes, I refrain from making this a general claim.

some positive state-building effects[3], particularly during the latter part of the 19th century, the pressures coming from the exterior were, in general, not conducive to institutional-building processes. Disputes between Latin American countries and Western powers certainly involved some degree of coercion on the part of the latter, but given the major power imbalance between the two, its consequence was not to push these countries in a war-making/state-making path. What is more, foreign intervention was more often than not conducted through economic and diplomatic channels and was geared towards securing access to markets, protect investors, and guarantee the provision of certain commodities. To varying degrees, the countries of the region accommodated these pressures in ways that had minimal effects on the development of state capabilities. Therefore, the disruption of the regular interaction between Latin American countries and those powers after WWI served to ease a major structural constraint on state-building in the region. Conversely, the rise of security concerns during the Cold War inaugurated a new era of foreign intervention in the region, which reconfigured similar obstacles to institutional development.

Second, the dynamics of domestic social conflict were of critical importance for state-building outcomes in Latin America, but its effects were conditional on socioeconomic modernization. Recent findings in the literature on state-building in Latin America and other post-colonial regions of the world point to the importance of the type and intensity of internal contention as drivers of long-term institutional building due to their ability to shape the incentives and preferences of social actors towards the build-up

[3] This seems to have been the case of the War of the Triple Alliance (1864) as well as the War of the Pacific (1879). Triumphant sides in these conflicts included Argentina, Brazil, Chile, and Uruguay, all of which emerged from these conflicts with stronger armies and more consolidated national identities. It is likely that the French-Mexican conflict in the 1860s also had similar effects in Mexico (Mallon 1995).

of state institutions (López-Alves 2000, Slater 2010). My claim, generally compatible with these findings, qualifies them by pointing to modernization as an intervening variable of crucial importance mediating the effect of both the type and intensity of conflict. Internal conflict was unlikely to produce significant state-building pressures beyond the strengthening of the coercive apparatus among scarcely modernized countries. In contrast, forms of interaction between rulers and ruled that were conducive to the strengthening of state institutions emerged where modernization forces had created a differentiated set of economic elites and fomented the collective organization of groups representative of the middle and lower classes. This mediating effect should be understood in the context of late and dependent development characterizing Latin America in the first half of the 20th century, where the question of state reform was intrinsically linked to economic reform (Kurtz 2013). State-building entailed the recasting of relations with the exterior and more extensive economic intervention to accelerate the process of development. Such interventions were fiercely resisted by recalcitrant landed elites throughout the region, and only succeeded were modernization had endowed other social actors with resources that could constitute the political and material basis for institutional building. I argue that, by the early 1930s, when the effects of WWI and the great depression had reconfigured the links between Latin America and core western economies, these conditions obtained only in six countries of the region: Argentina, Brazil, Chile, Costa Rica, Mexico, and Uruguay.

Modernization, however, produced different social configurations among the countries of the region, which partially explains why the disruption of commercial ties with Western Europe and North America provoked dissimilar patterns of social and

political conflict in the region. The state-building implications of such patterns were largely determined by the coalitional dynamics that emerged in response to crisis. In virtually every country of the region, political reformers seeking to broaden the scope of state intervention in the economy and redefine the relationship with foreign capital rose to power at some point during the interwar period. The third claim that animates this dissertation is that the fate of these reformist attempts was determined by the relative political strength of the social allies that coalesced in their support. The goals of increased autonomy and developmental stewardship required higher levels of bureaucratic competence and a broader basis of social support, elements that were differentially favored in state-reform initiatives according to the composition of new ruling coalitions. Organized labor was pivotal in this regard: where it was strongest and fully mobilized by actors sympathetic to reformers, as in Mexico and Argentina, state reform moved in a strongly expansionary and inclusionary direction[4]. Where it was comparatively weaker, as in Brazil and Chile, meritocratic competency became the dominant component of state reform. Finally, in the intermediate cases of Costa Rica and Uruguay, professionalizing and inclusionary components balanced each other out.

Finally, the fourth claim that I sustain in this dissertation is that state-building trajectories had profound regime implications. Over the long-run, inclusionary reforms tended to strengthen the legitimacy of non-electoral mechanisms of vertical

[4] By "inclusionary" I mean that the thrust of normative and administrative changes that were subsequently introduced was geared towards increasing the number and modes of interaction between the state and multiple social actors. Thus, for example, land reform in Mexico entailed the creation of a range of administrative agencies and courts to process land claims and adjudicate land related conflicts that significantly expanded the mechanisms through which the state ordered social relations, but also through which the rural population could make effective claims on the state. From the point of view of capacity building, the state gained significant ability to "read" its population and garner its compliance. Seen from below, however, this was in more than one way an enlargement of citizenship, even when the extent to which these mechanisms afforded participatory rights varied greatly.

accountability, while professionalizing ones had a similar effect with regards to limits on executive authority stemming from bureaucratic autonomy. To some extent, this should be a relatively obvious point. Changes in state-capacity almost always alter power relations and modify the set of actors who can claim to be part of the decision-making process. Similarly, democratization often entails a redefinition of the mechanisms through which states engage in extractive, coercive, or regulatory interactions with society. But the ways in which state-building and regime trajectories are interconnected are often obscured by narrow procedural conceptions of political regimes on the one hand, and the fetishization of the state as a construct separate from society on the other.

This point merits some elaboration. Two venerable and long standing social science traditions have differently dealt with the emergence and evolution of modern political institutions: the first one follows the steps of Max Weber in trying to understand the rise of the modern state and the development of its infrastructural capabilities. The second aims at explaining the origins of democratic and authoritarian forms of rule and it is tributary of the work of several political economists of the 19th century, including John Stuart Mill, Alexis de Tocqueville, and Karl Marx[5]. Rarely do the vocabularies and theoretical frameworks of these traditions intersect, even when their objects of study are intrinsically connected[6]. Not surprisingly, the causal logics proposed by students of the

[5] Naturally, both traditions can be traced back further back in time at least to the enlightenment period as they are not fundamentally different from Hobbes intellectual preoccupation with the means to create order and Locke's concern with checking the power of those who hold such means. Yet, it was in the late 19th century when these lines of inquiry took form as

[6] Consider, for example, the development of effective methods of taxation, a critical indicator of state capacity. The creation of specific rules and instruments to extract resources from any group of people, to enforce regulations, or define the eligible population for goods and services provided by the state, all involve fundamental questions related to the nature of the political community as a whole: who has a say on the decision-making process from which they emerge? Who is subject to them? How is the tax burden to be distributed? What kind of quid-pro-quo is there involved between those who disburse resources and those who collect them? The inverse is also true: the expansion of mechanisms of political participation and

long process of state centralization of power (Mann 1984, Tilly 1992, Ertman 1997), the relative autonomy—or lack thereof—of the bureaucratic apparatus (Sckocpol 1985, Evans 1995, Fukuyama 2013), the creation of effective extractive and regulatory tools (Migdal 1988, Scott 1998), as well as the establishment of developmental capacities (Johnson 1982, Waldner 1999), are more often than not divorced from those envisioned by scholars engaged in explaining the social basis of democracy and authoritarianism (Moore 1993, Boix 2003, Luebbert 1991), the role of elite settlements in regime outcomes (O'Donnell et al 1986, Highley and Gunther 1992), or the effect of institutional design on regime stability (Linz 1990, Mainwaring and Shugart 1997, Cheibub 2007). A major goal of my research is to bring closer together the insights from both traditions to provide a more robust explanation both of state-building and regime trajectories in Latin America.

What are State Reforming Coalitions? On the nature of the main explanatory factor

Before turning to the actual analysis, it is necessary to address a few definitional issues regarding the concept of "state reforming coalitions", the most important element of the theory with which this dissertation intends to explain different institutional building trajectories. Doing so will also shed light on the causal processes through which the actors composing these coalitions produced and sustained the institutional changes that explain the divergent patterns of state development in the Latin American region.

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the creation of representative institutions do not have any significant meaning if they are not directly tied to a legal and administrative apparatus that is sufficiently embedded within society so that it can authoritatively uphold directives emanating from such mechanisms and institutions.

State reforming coalitions can be understood as an ensemble of formal and informal interactions between political, economic, and social actors to implement and sustain over time structural transformations regarding both the scope of the public apparatus—what it does—and the basis of its routine operation—how it does it. Because the means through which such changes are implemented can be quite diverse, these ensembles of interactions take various forms, but some fundamental characteristics distinguish them from other coalitional logics: first, their main *raison d'etre* is to provide reformers with resources that were previously unavailable to the state such as new sources of revenue, organizational capabilities, allegiance and support from newly mobilized sectors of the population, as well as symbolic sources of legitimacy. The second defining characteristic that these ensembles of interactions have is that they are geared towards supporting novel institutional features of the state that have a more permanent character. They are thus of a foundational nature, marking a before and after in terms of how the state and its relation to society are conceived and practiced. In this sense, these coalitions are different from those that are established with the purpose of aiding an individual or party to gain office or stay in power[7]. The latter, in contrast to state reforming coalitions, are a component of every day politics, and do not generally involve deeper institutional changes, which points to a third characteristic that distinguishes these coalitions: overtime the institutional features that they create become

[7] This definition of "state reforming coalitions" bears some resemblance to Slater's (2010) "protection pacts", which sustained the creation of strong authoritarian institutions in several South East Asian countries. These pacts are inter-elite agreements established to face the threat of endemic and unmanageable forms of social conflict, which generally entail lower-class mobilization. In this sense, Slater's category is considerably more restrictive given that such pacts, by definition, involve only limited cross-class collaboration. While state reforming coalitions *can* take the form of protection pacts—the restrictive coalitions formed in Chile and Brazil would seem to fit the category—they not always do so. In fact, as it was already discussed in the previous two chapters, an important degree of cooperation with the working class was critical to the success of both populist and gradualist coalitions.

the basis on which the specific capabilities that the state develops vis-à-vis society are sustained and they also establish the mechanisms through which state resources are accessed and distributed, even long time after the coalition that gave them form ceases to exist.

As I argued in the previous section, the factors behind the emergence of state reforming coalitions in a number of Latin American countries during the first half of the 20th century were both external and internal: the outbreak of World War I and the economic crises of the 1920s substantially weakened the political and economic influence that foreign powers exerted in the region and also altered the position of local economic elites in relation to other actors within their respective countries, providing facilitating conditions for the formation of new ruling coalitions. Whether or not this "opening" was capitalized by state reformers to forge successful reforming coalitions was largely contingent on the availability of social allies endowed with the necessary resources to support institutional building efforts.

The forging of coalitions is the process through which state reformers were able to recruit the social allies that would allow them to marshal the necessary resources for state reform. The details of such process varied from case to case, but the pattern was similar: the first movements towards the formation of reformist coalitions were made by political leaders who, in response to the aforementioned crisis, pushed for the implementation of policies that involved new forms of state intervention, including direct taxation and increased regulation of capital-labor relations. While in most cases the stated purpose of such policies was to confront the adverse effects of the disruption of trade, often an underlying motive was the aspiration of these leaders to strengthen the autonomy

of state institutions and reduce the influence that local economic elites and foreign powers had traditionally exerted over the policy making process. Even though structural transformation was unlikely to immediately emerge from these top-down initiatives, they helped ignite collective action efforts from multiple social actors, some of them supporting these changes and some others opposing them. It is in the course of this struggle that the effects of socioeconomic modernization became crucial, as they fundamentally shaped the resources that social actors had at their disposal, as well as their preferences towards state reform.

This form of portraying the process through which state reforming coalitions came to be has important theoretical and empirical implications for the study of macro-historical political change in Latin America and beyond. Given the characteristics of the factors that I suggest conditioned the choices made both by political and social actors during this process, it should be clear that the argument places an important emphasis on the material bases of political dynamics. However, as the discussion of cases will make abundantly clear, the path from resources to coalitions was neither automatic nor parsimonious, suggesting that the structures that both constrain or enable political change are not a mere reflection of social and economic conditions[8]. The transit from patrimonial to other state-types required both dismantling the conventions and practices on which the previous order rested, and the creation of new ones that would sustain radically different interactions between state and society and the inclusion of social actors that had been previously marginalized from the political process.

[8] In this brief discussion I follow closely Sewell's (1996) "structural view of social action", which is based on an understanding of structures "…as composed simultaneously of cultural schemas, distributions of resources, and modes of power…" (p. 842). A more formal treatment of the matter is found in his "Logics of History" (2005).

The construction of the new institutional landscape that would allow these changes to take hold over time would require not only the creation of new rules and the setting up of new agencies, but also a transformation of political discourse of considerable proportions. The logic of such shift would be different in each of the three paths out of patrimonialism: the populist route in Mexico and Argentina entailed the recognition of labor as a major political player and the almost complete political displacement of landed elites. The legitimacy of new institutions would critically depend on their capacity to represent "popular" segments of society[9]. The gradualist route in Costa Rica and Uruguay involved a logic of compromise, with political parties playing a crucial role brokering the entrance of new actors into the political struggle, and institutions being characterized by the co-participation of such parties in their creation and regular functioning as well as their relative autonomy from ongoing political administrations. The mobilization of labor was distributed more or less evenly across different parties and it played an important but comparatively secondary role. Finally, the restrictive path in Brazil and Chile would entail a concerted effort to depoliticize the administrative tasks of government, and the development of technical capacities to embark in state-led economic development efforts. For the members of this coalition it was critical to ensure that the breaking with the oligarchic past did not involve the political empowerment of labor, which explains why its organizational capacities were

[9] This should not be interpreted as meaning that labor was the main beneficiary of state reform. This is something that is difficult to judge overall and requires certain counterfactual scenarios that are difficult to conceive, let alone test. Rather, the point is that the presence of labor in this type of coalition inaugurated a new form of institutional building that was characterized by a heightened interaction between the state and popular sectors.

curtailed to a larger extent and for a longer period of time than in any of the other cases where state reform took hold.

A note about methods and the road ahead

It is important to clarify at the outset that this dissertation aims at providing a novel interpretation of the contemporary institutional history of Latin America. In this sense, it does not uncover unknown historical facts. Rather, it uses the rich historiography of the region to present an entirely different perspective on how states, political regimes, and—to some extent—markets co-evolved during the 20th century. Thus, even when it relies heavily on historical materials, most of the evidence in support of the argument comes from secondary sources. This has some obvious setbacks: these sources offer their own interpretation of events and are not infrequently at odds with one another when it comes to questions that are crucial for the types of claims that this dissertation makes. Local historians debate heatedly around questions such as the role of agency in the responses devised by state leaders to the great depression, the extent to which economic factors had an impact on political and bureaucratic affairs, the degree to which foreign powers and enterprises exerted a decisive influence on the development of domestic events, and a long etcetera. If local historians cannot agree on common answers to solve these matters, how is a macro-interpretation based on the sources that they generate even possible?

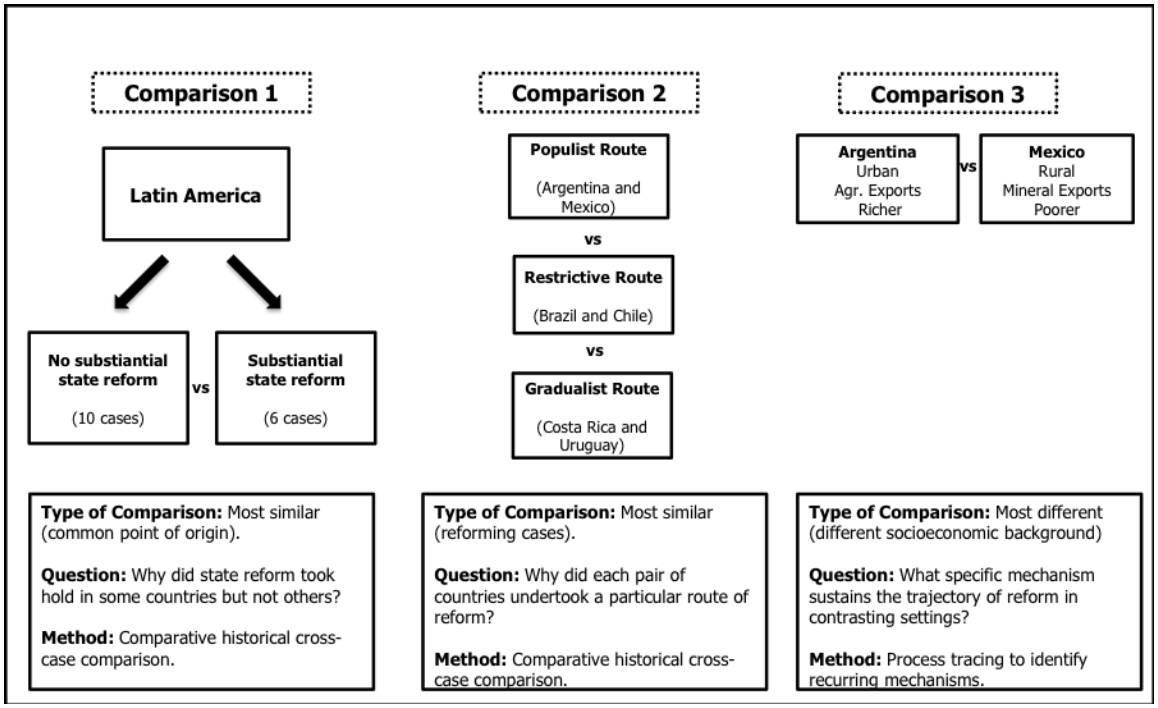
Even though both macro-historical comparison and process-tracing, the two methods used in this dissertation to garner evidence in favor of the historical argument, certainly face several problems of inference that are common to qualitative research, they

can sometimes contribute to the advancement of these debates, providing crucial pieces of comparative and counterfactual evidence that can very well serve the purpose of evaluating the plausibility of claims made on different sides of historical discussions of single cases. More importantly, they can help to put those debates under sharper theoretical focus, making an explicit connection between events that may at first seem to be purely idiosyncratic, but which may ultimately follow specific patterns that are only unveiled when historical narratives are explicitly compared and contrasted with theoretical expectations.

The dissertation relies on three different types of historical comparison to arrive at its main conclusions (see figure 0.5): first, the whole Latin American region serves as the milieu for comparing two broad groups: countries that undertook deep state reform initiatives versus those that did not. Given that the historical argument developed in this dissertation considers sixteen Latin American countries that share a common past of colonial rule, the development of export economies in the late 19th century, as well as the presence of patrimonial state structures until the 1920's, this first comparison follows a "most similar cases" design (Stuart Mill 1872, Przeworski and Teune 1973, Collier 1993) in which instances where the main outcome of interest—substantial state reform—occurred are contrasted with others where it did not. This comparison aims to answer the most basic question regarding state-building trajectories in the region: why did some countries embark in paths out of patrimonialism while others did not? The thrust of this comparative assessment is developed in Chapter 2, where the historical conditions preceding the opening of the critical juncture that created an "opening" for the initiation of reform projects are thoroughly explored, and shows the general differences between

the six reforming countries and the rest of the region. Chapter 5 returns to this comparison, exploring the negative cases of Colombia, Guatemala, and Ecuador.

Figure 0.5 Inferential Strategy and Types of Comparison



The second type of comparison is based on the group of six countries where substantial reform was undertaken. In this case the three main routes of institutional building—populist, restrictive, and gradualist—taken by each pair of countries constitutes the basis of contrast, aiming to answer the question of why did their trajectories of reform diverge in the particular ways that they did: an increase in social reach in the case of Argentina and Mexico, professionalization in the case of Brazil and Chile, and a combination of both in the cases of Costa Rica and Uruguay. This comparison is also explored in chapter 2, where the main characteristics of the social coalitions that transformed the facilitating conditions opened by the critical juncture into

productive factors that led to successful state deepening efforts are examined. The comparison is deepened in chapters 3 and 4, which explain the formation of such coalitions and their legacies. Importantly, the cases that are carried further for this portion of the dissertation are the Mexico-Argentina populist pair (Chapter 3), as well as Chile and Uruguay (Chapter 4), each of which was representative of restrictive and gradualist trajectories, respectively. The cases of Brazil and Costa Rica are not studied beyond the basic tenets and evidence presented along with the general historical argument in Chapter 2.

Finally, the third type of comparison is made within the pair of countries that followed a populist trajectory of reform. Interestingly, within the group of reforming countries, Argentina and Mexico were opposite to each other in regards to a number of socioeconomic indicators: the former was considerably more urbanized, richer, and "Europeanized" than the latter. In this case, process-tracing is the main method informing the contrast of historical narratives, trying to elucidate how is it that recurring mechanisms emerged in relatively dissimilar conditions, allowing for the formation of analogous coalitions across the urban-rural, rich-poor, and creole-mestizo divides. This comparison is mostly developed in Chapter 3, when the details of how state reformers forged social coalitions to support their institutional building strategies in these two countries are thoroughly explored, and it is shown that the crucial elements of such coalitions where all connected to the actors and resources that could be brought together to deepen state institutions, regardless of the relative differences that separated these countries and societies.

Chapter 1. State Building and the Paths Out of Patrimonialism.

1.1 The Puzzle: Latin American Institutional Development over the Long Run

The wave of democratization that swept Latin America since the 1980s radically changed the political landscape of the region: in the course of the next fifteen years a total of fourteen countries would experience some form of transition from authoritarian rule. This process has proven to be not only broad in geographical scope but also notably resilient: while there have been occasional constitutional crises[1], there has not been a single case of reversion to authoritarian rule in the last thirty years[2]. This is particularly remarkable in a region that was home to some of the harshest authoritarian regimes of the world during the cold-war period and which has been historically riddled with instability.

In spite of the dramatic character of these events, acute observers of Latin American politics have been cautious in assessing their broader significance. After the dust of the transition period settled, several authors have drawn attention to a number of peculiarities that seem to characterize the dynamics of post-authoritarian politics in the region: feckless pluralism and unchecked militaries in Central America (Karl 1995, Carothers 2002), the rise of neopopulist leaders and plebiscitary regimes in the Andean region (Coppedge 2003, Mainwaring et al 2006), the "unevenness" of democratic institutions at the subnational level (O'Donnell 1993, Snyder 2001, Gibson 2005, Borges 2007, Giraudy 2009, Montero 2012), or the persistence of patrimonial forms of rule in a

[1] The most important of them being those of Perú in 1992, Venezuela in 1992 and 2002, Ecuador in 1997 and 2002, Bolivia in 2003, and Honduras in 2009.
[2] Some sources would consider Venezuela to be an exception to this assertion (see McCoy and Myers 2004, as well as Corrales and Penfold 2007)

number of countries (Malloy 1991, Conaghan 1996, Mainwaring 2006), to mention just the most common issues that have been analyzed in the literature.

Thus, while the generalized presence of relatively free and fair elections points to an apparent convergence of Latin American polities[3], beneath their "electoral facade" it is easy to identify multiple ways in which they diverge. To understand these differences in their own terms requires going beyond the thin "electoral" lens through which democratic regimes are traditionally studied, focus our attention on other institutional attributes that provide substance to democratic procedures, and explore the historical processes that explain their emergence. Determining the extent to which these polities are open to the demands of a broad range of citizens and whether or not such demands get translated into effective policies[4] inevitably requires looking at attributes of the state, and particularly how different configurations of institutional capacities may ultimately define who, among the myriad of individuals, organized groups, or special interests that cohabit in any society, can actually gain access to the range of resources—regulation, subsidies, tax exemptions, social protection, and a long etcetera—that emanate from state authority. The point is not so much to reinstate the now widely accepted idea that democracy requires robust state institutions (O'Donnell 1993, Linz and Stepan 1996, Tilly 2007), but rather to argue that, to the extent that such institutions have an impact on the way in

[3] By "Latin America" I am referring to the 16 continental countries that gained independence from Spain and Portugal in the early 19th century. This excludes Panamá, Guyana, Suriname, and the islands of the Caribbean. The main reason for focusing on these countries is straight forward: the late nineteenth century was a crucial formative period for the now sovereign countries of Latin America, as they gradually asserted control over their territories and settled boundaries with their neighbors, their economies became integrated in different ways into the world economy, and their societies experienced critical changes with the development of local labor markets. Countries that gained independence afterwards experienced these transformations in entirely different ways, thus setting them apart from the macro historical trends followed by this group of 16 countries.

[4] This specific formulation derives from the work of Tilly (2007), one of the few authors who makes an explicit connection between state capacity and regime variation.

which access to state authority is determined, they are in fact a crucial component of political regimes.

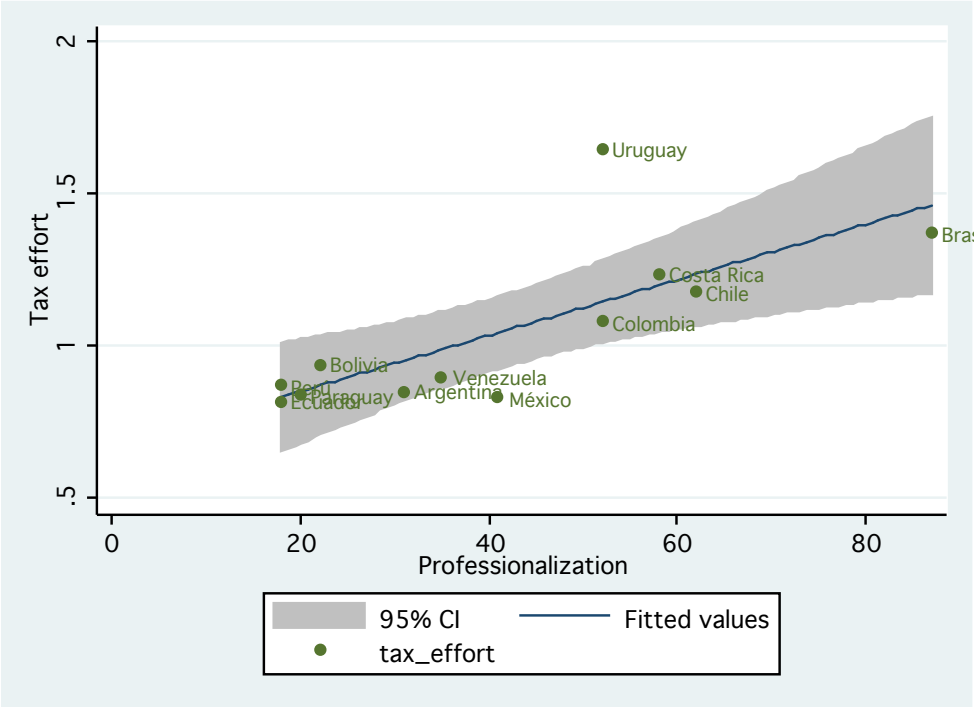
Focusing on the state apparatus allows for the formation of a more robust picture of these polities and the substantive differences that exist among them. This dissertation concentrates, specifically, on two attributes of state institutions: their degree of professionalization and their social reach. While the former refers to the extent to which bureaucracies are bound in their operation to norms and procedures[5], including the development of meritocratic mechanisms of recruitment and promotion within public agencies, the latter denotes the extent to which the range of interactions between state institutions and society has become diversified, expanding the number of activities that are subject to state mediation and regulation. These two attributes capture two important dimensions of state capacity, and are at the center of the most important changes of Latin American polities during the 20th century: while the modal state apparatus in the region in the early 1900s was narrow in scope and virtually without any professionalizing mechanisms, by the 1950s quite divergent configurations had emerged.

To illustrate these differences, consider, first, the relative size of bureaucracies in these countries, a measure that indirectly captures the social reach of state institutions: while in Uruguay the public sector employs around 10% of the economically active population, in Colombia this figure barely passes the two percent mark, meaning that there is a fivefold difference between the two extremes, with the rest of the countries being located somewhere in between (Payne and Carlson 2003). Similarly, in terms of

[5] This way of conceiving professionalization follows closely Weber's notion of bureaucratization. There are, of course, other ways to conceptualize and measure the professionalization of administrative structures but none that captures better the transit away from patrimonial forms of administration.

their degree of professionalization, the contrasts are also astounding: according to a scale recently developed by Echebarría et al (2006), Brazil's procedures of recruitment and promotion of personnel within public agencies were almost ten times more meritocratic than those currently existing in El Salvador.

Figure 1.1 Professionalization and Tax Effort

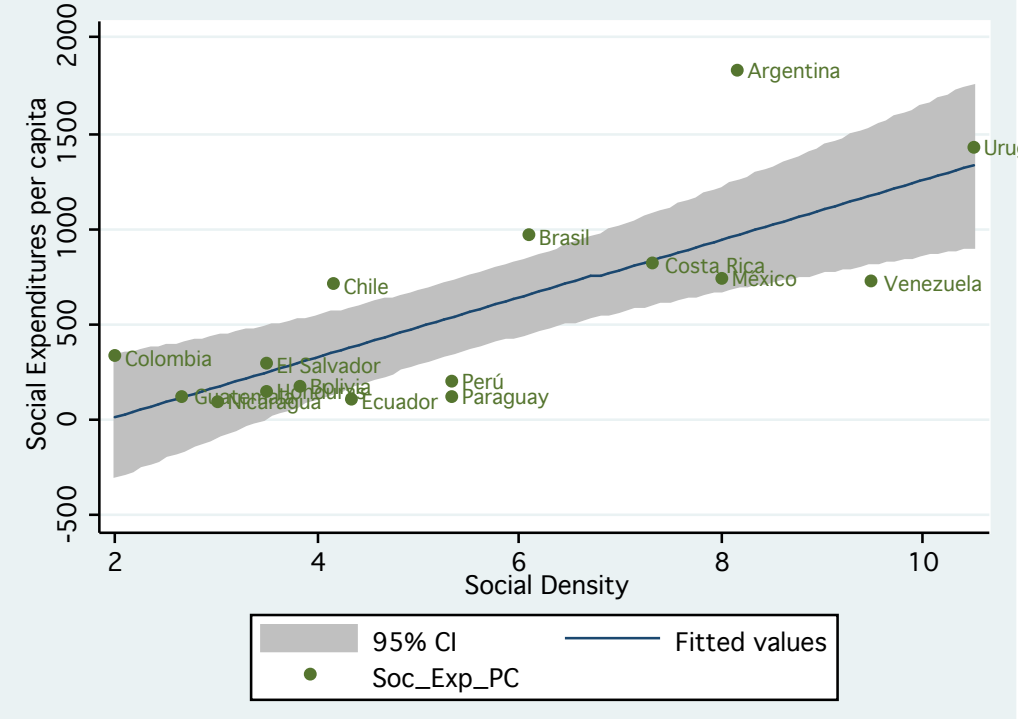


Source: Author's calculations with data from Echebarría (2006) and Gómez Sabaini and Jiménez (2012). No data available for El Salvador, Guatemala, Nicaragua

The importance of these differences and their consequences for democratic governance can hardly be overstated: they have a significant impact on crucial state functions such as the ability to successfully tax and regulate society and the extent to which state authorities can garner compliance from the citizenry (Evans 1995, Scott 1998, Waldner 1999, Migdal 2001). Bureaucracies with high levels of infrastructural reach and administrative capabilities are also better endowed to implement policies that can effectively enhance the lives of members of the societies they serve, including

redistributive measures, welfare programs, and the provision of public goods (Mann 1984, Skocpol 1985, Levi 2006). Within the Latin American region, for example, the level of public employment is closely related with social expenditures per capita whereas the professionalization of the public apparatus seems to be highly correlated with fiscal capacity (see Figures 1.1 and 1.2). A single piece of information serves to further illustrate the latter point: for every percentage point of GDP collected in taxes, the Mexican revenue office requires 14 times as many employees as its Chilean equivalent (Bergman 2004).

Figure 1.2 Public Employment and Social Expenditures per capita



Source: Author's calculations with data from ECLAC (2011) and Carlson and Payne (2003)

Yet, in spite of their inherent importance and their significant implications, the nature and origins of these differences in the development of Latin American state institutions are poorly understood. Why did public agencies become professionalized in some countries but not in others? Why is it that in several cases the range of interactions between the state and society remained quite limited while in others such range was multiplied? Why, in sum, did Latin American countries follow the different institutional building trajectories that would eventually lead to the emergence of divergent patterns of state capacity and regime dynamics in the region?

Understanding these differences requires not only paying greater attention to a "thicker" layer of institutional attributes, but also an analytical shift in terms of the historical depth of the causal explanations that can account for them[6]. Interestingly, variation in these attributes follows noticeable patterns: in some countries, like Chile and Brazil, the public apparatus remained relatively narrow but meritocratic methods of recruitment were effectively established. In contrast, in Mexico and Argentina the social reach of state institutions was greatly expanded, even if access to bureaucratic agencies continued to have, for the most part, a non-meritocratic character. In yet a different trajectory of change, in Uruguay and Costa Rica bureaucracies evolved to combine both professional characteristics and an expanded social scope. Naturally, not everywhere did these changes occur: narrow and scarcely professionalized public administrations persisted in a number of countries[7].

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[6] This shift is akin to the one suggested by Kitschelt (1999) for the study of post-communist regime change, advocating for the development of deeper causal mechanisms that incorporate social, economic, and institutional historical legacies.

[7] The general outline of contemporary variation on these two attributes can be seen in Figure 1.3 (see section 1.2 below).

These are the macro historical trends that this dissertation aims to explain. In very abbreviated form, I argue that these patterns are the product of state building strategies devised by political reformers, backed up by very specific social coalitions, during a critical juncture that was initiated after the onset of the First World War. In the implementation of these reform efforts and the materialization of their ulterior effects on patterns of state development, the timing and composition of supporting coalitions were of critical importance. The timing of the forging of coalitions was important relative to two sets of events: first, successful reforming coalitions only emerged during the interwar period, owing mainly to the opening provided by the changing dynamics of the international system, the disruption of international trade and the protectionist turn in the core economies of Western Europe and North America. With the onset of the cold war and the rise of the United States as the most important international influence across the region, space for the formation of new coalitions came to a rapid close, providing a "freezing effect", as it were, on existing coalitions. Second, as it happened in other regions of the world, the timing of the forging of coalitions relative to the emergence of mass political mobilization of the labor force was also of crucial significance. Only when a large portion of the labor force was fully incorporated into market relationships with employers at an early time did an alliance with the working class appeared as a plausible route for state reform. When this was not the case, the formation of coalitions—reformist or not—would always follow an exclusionary logic aimed precisely at limiting and curtailing the political influence of labor.

The social components of reforming coalitions had also substantial implications because they determined the type of resources that were available to state reformers and

thus help explain the specific characteristics of state reform projects. Successful reforming coalitions always required the presence of a significant fraction of the economic elite as well as the presence of middle class sectors, but they would vary regarding the extent to which there was participation of significant components of the working class as well as the organizational allies for the implementation of reform. Specifically, I identify three institutional paths of state reform: a professionalizing route, which was taken in Chile, where reformers, backed up by military forces, were able to forge a restrictive coalition that included landed elites and emerging industrial interests, to introduce meritocratic mechanisms to bureaucratic structures and implement a state-led industrialization strategy. In the second path, followed by Argentina and Mexico, reformers built a populist coalition, which explicitly excluded landed elites in favor of the emerging industrial bourgeoisie and was organizationally backed by labor and peasant unions, thus attracting large segments of society into the realm of interactions with state institutions and deploying several policy instruments to intervene in the economy. Finally, a third, gradualist route was taken in Uruguay, where reformers made an alliance with commercial and financial interests, landed elites, as well as urban labor to incrementally professionalize and expand the reach of the bureaucratic apparatus.

The rest of the chapter is organized as follows: in section two I introduce a conceptual discussion that aims to further clarify the outcomes that this dissertation seeks to explain: the "state types" that emerged in the Latin American region during the 20th century. After showing that the literature on state building is ill-equipped to deal with contemporary institutional differences, I suggest a conceptual framework to analyze them based on the attributes of professionalization and "social reach" of state institutions. In

section three I present a condensed version of the argument where the main characteristics of these three routes of institutional change are more thoroughly explained and discuss how they fit within the existing literature of state building, in Latin America and beyond. Finally, in section four I discuss the strategy of comparison as well as other methodological issues and provide a map for the rest of the dissertation.

1.2 From Patrimonialism to what? State types as the outcome to be explained.

Rich and complex as it is, the literature on state-building offers only limited guidance to conceptualize, let alone explain, the patterns of state development described in the introductory section of this chapter. Willingly or not, authors seeking to explain the emergence of the modern state in Europe (Mann 1986, Tilly 1992, Ertman 1997), developmental states in East Asia (Johnson 1982, Amsden 1985, Evans 1985), or the transition from mediated to unmediated rule in post-colonial societies (Migdal 1988, Scott 1998, Waldner 1999), have all regularly compartmentalized the outcome to be explained into a dichotomy of strong versus weak states[8]. What is more, as Waldner (2002) has noted, perhaps because different strands of the literature have focused on separate regions and periods of time, strength as an attribute of the state has always been conceptualized in slightly different ways: while effective "war-making", "developmental", and "direct-ruling" states are presumably all strong, it is not clear if they all pertain to a common "institutional genus" and whether or not there are different

[8] Even Tilly's work (1992) aimed at exploring *divergence* in institutional forms emerging in Europe during the last milennia ultimately provides an explanation for contemporary institutional *convergence* around the nation-state. However, there are some partial exceptions: Slater (2010) duly notes that if anything has characterized institutional building trajectories in the "periphery" it has been precisely how varied they have been. Evans (1995) stands virtually alone in having developed a conceptual framework that looks at two different dimensions of state strength: autonomy and embeddedness. The conceptualization that I propose in this chapter draws heavily from Evans' work.

dimensions along which their strength can be materialized[9]. In words of Soifer (2008), it is all too commonly assumed "…that a state that can tax can also exercise coercive power, and so forth: that state power is homogeneous across its arenas. The result of this assumption of homogeneity is that we lack precise categories for states with significant power divergences across arenas…" (p. 247).

To some extent, this is something to be expected: the question of how highly effective structures of governance come to be is probably one of the most pressing of our time, and the differences between some of the exemplars studied in the literature—France, Germany, Japan, or Taiwan, just to mention a few of them—and the average peripheral state are probably large enough to warrant such stark contrast. Still, the fact of the matter is that the full range of outcomes that characterize state building trajectories throughout much of the developing world can hardly be captured by a "strong-weak" dichotomy, which indicates that in order to advance our understanding of such outcomes a more nuanced conceptualization of state capabilities is needed.

In their own work calling for conceptual refinement on the study of state infrastructural power, Soifer and vom Hau (2008) note that, explicitly or not, the insights developed in the literature of state-building already speak to different dimensions of state capacity[10]. In particular, they identify three underlying themes each of which represents strength as: 1) autonomy from societal actors, 2) bureaucratic professionalization, and 3) the reach or "weight"—either territorial or societal—of state institutions. Perhaps the

[9] Similarly, Kocher (2010) notes that, contrary to the way that state-strength is usually conceptualized, "…capacity or a capability is not a free-floating disposition for doing just anything well; it is subject-specific…" (p. 138.)

[10] Their focus, however, is directed towards Mann's concept of "infrastructural power" and not state capacity more generally.

most productive way to move this agenda forward is to rely on these categories to achieve compatible understandings both of what there is to be explained (i.e. conceptualization and measurement of different dimensions of state capacity) and how it can be explained (i.e. theories of state building). With this in mind, I argue that two of these dimensions already explored in the literature can be meaningfully combined to build a tipology of institutional strength that serves well the purpose of mapping the varied patterns of state development that characterize the Latin American region in contemporary times and developing a theory to explain them. These dimensions are the degree to which state structures have penetrated society—equivalent to the "reach" category identified by Soifer and vom Hau in the literature—and the extent to which the state apparatus is bound (or not) by norms and procedures—that is, their degree of professionalization or "bureaucratization" in Weberian terms[11].

Conceptual clarity requires a more precise definition of these terms and a minimal discussion of the ways in which they should be considered constitutive of different dimensions of state capacity. Consider first the issue of bureaucratic professionalization. Following Weber's conceptualization, it is useful to think about professionalization as a continuum that goes form a purely patrimonial to a fully rational-legal state apparatus. These two "poles" may have different consequences in terms of state capacity: on one extreme, as it has been repeatedly noted in the literature, the blurring of distinctions between the public and private realms that is characteristic of patrimonial forms of administration may favor the development of personalist patterns of authority as well as

[11] The crucial reference in this respect is, of course, Weber's *Economy and Society* (1978). It should be noted, however, that the term is being used here exclusively as an *attribute* of the state apparatus rather than as an ideal type of a form of domination as in the work of Weber.

generalized misappropriation of public resources and offices[12]. Perhaps more importantly, the reciprocal nature of patrimonial relationships means that the abuse of powerful members of society, such as interest groups. These traits may occasionally help rulers to build what from the outside appear to be solid political coalitions but, as a general tendency, they conspire against state capacity.

On the other extreme of the continuum, strict bureaucratic norms and procedures as well as meritocratic methods of recruitment can insulate the state apparatus both from society and from elected authorities. Thus, while patrimonial state structures may favor the establishment of "lateral" channels of access to state authority, their professionalization may facilitate their insulation. In the limit, a state apparatus that is completely isolated from social and economic actors may not necessarily be a hallmark of effectiveness but the large body of empirical evidence showing that, in general, professionalization tends to be associated with greater regulatory, extractive, and even economic promotion capabilities[13] would seem to support the idea that the professionalization of the state apparatus does indeed contribute to institutional strength.

The second dimension of state capacity that requires examination is that of the social "reach" of state institutions. There is little doubt that to achieve almost any significant policy goal that affects a significant portion of the population of a given polity, the state requires institutions that have the ability to penetrate society and serve as a "transmission belt" that can legitimately garner citizen compliance with the specific requirements—be them normative, extractive, or behavior-inducing, for example—of the

[12] See, for example, the works of van de Walle (1994) or Hodges (2008). For a review of the multiple ways in which the term has been used and the problems of such conceptual stretching see Pitcher et al (2009).
[13] See, for example, the study of Evans and Rauch (1999).

policy in question[14]. The presence of a socially dense institutional network thus enhances institutional strength.

Table 1.1 State types based on professionalization and social density of the state apparatus

		Social density	
		Low	High
Professionalization	High	Professional	Popular-bureaucratic
	Low	Patrimonial	Encompassing

Source: Author

The interaction of these two dimensions of state capacity—social reach and professionalization—generates four ideal state types that I call respectively: patrimonial, encompassing, professional and popular-bureaucratic (see Table 1.1). I argue thus that any movement away from the patrimonial quadrant in either direction of the table represents a positive movement in terms of institutional strength. Naturally, this progression may occur in one dimension without simultaneously occurring in the other. In other words, some paths of state-building may lead to state institutions that more effectively penetrate society, while others may conduce to their professionalization, or a combination of both. To clarify the conceptual nature of these institutional configurations, in the following paragraphs I offer a brief description of each of them and then, based on two approximate measures of both professionalization and social density, I

[14] Obviously there are certain policies that do not have such institutional requirements such as monetary interventions.

explore the contemporary patterns of state development present in the different countries of the region. The description of each ideal type—as it is always the case with this type of analytical exercise—may seem to exaggerate their constitutive features almost to the point of caricature, but this serves the purpose of conceptual clarity[15].

Patrimonial

The patrimonial type is characterized by the presence of an administrative corps that is recruited in discretionary form and lacks formal procedures of promotion and operation. The distinction between public and private boundaries is blurred, allowing for the development of personalized use of both the authority and the resources associated with public positions. Even though recruitment follows discretionary patterns, access to office-holding privileges tends to be associated with norms of social prestige, sometimes including family lineages. The public apparatus is generally limited in scope and devoted for the most part to law and order activities, the regulation of finance, and the provision of basic public services and infrastructure. Because of the low social reach of the state apparatus and its generally reduced size, the direct rents and benefits that can be extracted from it are relatively limited, yet the indirect advantages that can be derived from the regulation and repressive capabilities of even these precarious apparatuses are considerable, which means that prominent economic actors such as landed elites, agro-exporters, urban merchants and financiers, all require the regular intervention of the state to protect their interests and therefore seek to establish direct channels of access to its administrative and coercive apparatus. Because of the non-professionalized nature of

[15] As Weber (1978) himself noted, ideal types are not themselves empirical categories, but rather analytical constructs that *idealize* certain conceptual features or attributes by taking them to their limit or "pure form".

state structures—that is to say, their patrimonial character—the public apparatus is subject to the external influence exerted by these powerful societal actors who routinely occupy positions directly in government ministries, regulatory agencies, and occasionally in the army and other coercive institutions. Patterns of policy making are predictable in the sense that their goals are generally skewed in favor of these powerful actors, yet the process through which specific policies are devised and implemented is highly arbitrary.

As it will be illustrated in the subsequent section dedicated to the historical argument, and more thoroughly in the next chapter, the state apparatuses of most Latin American countries approximated this ideal type during the late nineteenth and early twentieth centuries, when all the economies of the region were export-oriented and both local economic elites and foreign interests exerted a large degree of influence over the policy decisions taken within patrimonial state agencies. Naturally, in no case did all of these traits develop in equal measure, and their relative importance varied considerably.

Professional

In the pure professional type, the state apparatus retains its narrow scope in terms of the actual activities performed by state institutions, but administrative agencies and coercive institutions have professional mechanisms of recruitment and career advancement, and their operation is bounded by bureaucratic norms and procedures. While these characteristics constitute an effective "buffer" against capture of the state apparatus by powerful societal actors, they also tend to insulate it from the direct influence of political leaders. Actors within these state structures such as technocrats, or military officers become a power to be reckoned with within the regime and often extend their sphere of influence well beyond the limits of their respective jurisdictions. Patterns

of policy making exhibit a higher degree of formalization due both to the presence of organizational routines in public agencies and to the presence of a more technically oriented staff.

Encompassing

The encompassing type retains the discretionary patterns of recruitment and informal procedures of operation that characterize the patrimonial type, but the scope of state interaction with society is substantially expanded. Typically, beyond law and order and the provision of public services and infrastructure, an important portion of the state apparatus is devoted to the mediation of a broad range of social interactions such as the relationship between capital and labor, the regulation of a larger number of economic activities, and the provision of different forms of social protection for larger segments of the population. Due to the low level of "bureaucratization" of state institutions, access to state authority and resources follows highly contingent patterns. The broader social reach of state institutions means that the stakes of capturing policy-making mechanisms are considerably higher, and the groups that have either the economic power or the organizational capacity[16] to seek their capture often are at odds with each other and instead of securing permanent channels of access, as it occurs in the patrimonial type, the state apparatus becomes itself an arena of political struggle between opposing societal groups. Patterns of policy making are thus more erratic, owing to the high rotation of personnel, the discretionary nature of mechanisms of recruitment and promotion within

[16] Unlike in the patrimonial type, where state capture is sought mainly by economic elites, in the encompassing type the range of social groups that share this aim is considerably larger.

the administrative apparatus, as well as to the shifting alliances of social actors in their interaction with politicians and the state apparatus.

Table 1.2 Components and Mechanisms in State Building Theory

Macro-Component	Mechanism	Role in LA?
Conflict	Interstate conflict favors survival of states with highly effective bureaucracies. (Ertman 1997, Mann 1984, Tilly 1985 and 1992)	Constrained and indirect.
	Mass mobilization induces institutional innovations to contain it. (Luebbert 1991, Slater 2010)	Contingently relevant.
	Regional rebellions strengthen armies but not necessarily the state. (López-Alves 2000, Slater 2010)	Constrained.
Coalitions	Inter-elite cooperation underpins state strengthening. (Slater 2010, Waldner 1999)	Relevant.
	Cross-class coalitions foster state reform. (Luebbert 1991, Yashar 1997)	Relevant.
Distribution of Resources	Distribution of capital and freedom of labor. (Tilly 1992, Kurtz 2015)	Relevant
	Structure of Society (Migdal 1988)	Relevant
International System	Changes affecting hierarchical structure of core-periphery relations. Structure of international division of labor. (Cardoso and Faletto 1979, Waldner 1999)	Relevant

Popular-bureaucratic

Finally, the popular-bureaucratic type is characterized by the higher levels of both professionalization and social reach of the state apparatus. The scope of action of state institutions is similarly broad as in the encompassing type, but professional mechanisms of recruitment and the presence of bureaucratic norms and procedures make the interaction between social interests and state institutions less prone to direct capture.

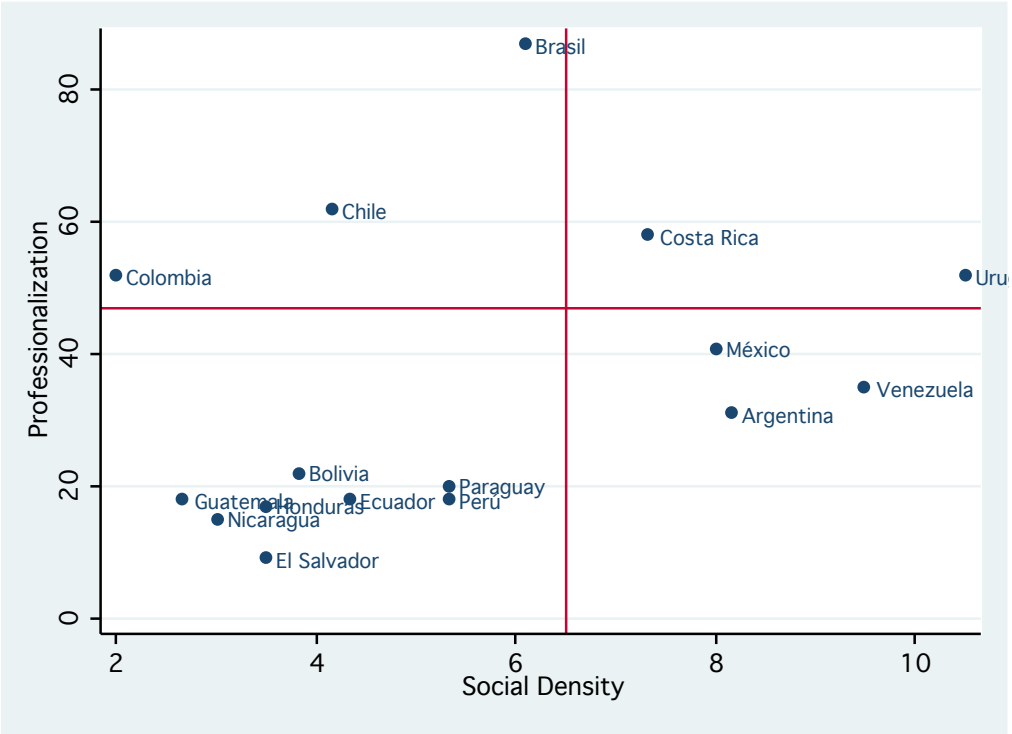
While there may be a certain degree of insulation of certain bureaucratic agencies, their social "embeddedness" works as a counterbalance to this tendency. Patterns of policy-making tend to be stable, as relations between public agencies and citizens are more tightly regulated and potentially inscribed in normative documents and organizational routines. Table 1.2 summarizes the main attributes of each of these ideal types making more explicit the logical connection between them as well as their differences. While the patrimonial and popular-bureaucratic types are clearly opposites, the professional and encompassing types combine some attributes of both.

1.3 Contrasting empirical data against the ideal types: contemporary variance in institutional strength within the Latin American region

Measuring the professionalization and social reach of the state apparatus in any particular country is no easy task. Compared to other institutional traits that are often studied by social scientists—elections, party systems, form of government, formal territorial distribution of power—these attributes are quite more elusive, and require a deeper knowledge of the cases in question. However, a couple of approximate measures can prove helpful to map the existing variation in terms of bureaucratic types in the Latin American region. The first one, related to the professionalization of the state apparatus, is the extent to which there are meritocratic methods of recruitment and career advancement in the bureaucracies of the countries in question. As an approximation for how professional state bureaucracies are, I use the data compiled by Echabarría et al (2006) in the most comprehensive study of Latin American bureaucracies that has been published in recent years. They provide a points system to evaluate how meritocratic are civil

service systems throughout the region[17]. Proxies for the social density of the state apparatus are harder to find, but I rely here on one that seems to relate intuitively with the social reach of the state: the size of the total public sector as a percentage of the economically active population[18].

Figure 1.3 Two measures of institutional strength within the Latin American region



Source: Author's calculations with data from Echebarría (2006) and Carlson and Payne (2003)

Taking these two measures together, an approximate classification of state types in Latin America emerges and a graphic representation of the outcomes that this dissertation aims to explain is to be noted (see Figure 1.3): Central American and Andean

[17] Their evaluation is actually based on several dimensions but for purposes of the conceptual classification that I am suggesting in this dissertation, "meritocracy" is the most important one.
[18] The source for this data is Carlson and Payne (2003).

countries seem to cluster around the "patrimonial" category (low-low quadrant), Costa Rica and Uruguay appear closer to the "popular-bureaucratic" category, Chile and Brazil are grouped in the "professional" one, while Mexico and Argentina are nearer the "encompassing" type. Beyond these patterns, it is important to note the cases of Colombia and Venezuela which, according to their respective scores in the two measures of institutional strength presented in figure 1.3, would seem to fit the professional and encompassing types, respectively. The first case, Colombia, went very recently through a process of reform that has significantly changed the outlook of its state apparatus.

Had the measures of professionalization and social reach been taken ten years before, Colombia would have surely fallen squarely under the patrimonial category, which means that these changes occurred out of the time frame that the argument identifies as critical for the formation of state building coalitions and therefore cannot be meaningfully attributed to legacies of such period. In this sense, Colombia is an instance that "escapes" temporally the historical explanation that I develop in this dissertation. The second case is Venezuela, which has a very large public sector relative to its population mainly due to the enormous amount of resources incoming from oil exports relative to the size of its economy and to its fiscal capacity[19], but it would be very hard to argue that in this case the measure meaningfully captures the strength of the Venezuelan state.

[19] For a recent discussion of contemporary institutional change in Colombia, see Kline (2009). The consequences of oil revenue on Venezuelan state-society relations are thoroughly explored by Karl (1997).

1.4 A Theory of Latin American State Building

Now that the outcomes with which this dissertation is concerned have been clarified, it is time to turn attention to the theory to explain them. While the historical argument is fully presented in the next chapter, here I present its basic analytical components. I argue that any theory aiming to explain the varied patterns of state development that characterize the Latin American region in contemporary times should accomplish three things: first, it should be able to identify the origins of these differences and explain the state-building trajectories that led from that initial point to present-day institutional outcomes. Second, in contrast to most existing accounts of state-building, which see institutional strength as an homogeneous outcome, the theory should be sensitive to differences that can explain why, among the countries that went through processes of substantial institutional deepening within the region, the acquisition of capabilities was uneven across distinct dimensions of state strength. Finally, the theory should allow a direct contrast with other explanations of institutional building either to rule them out as alternative explanations or to complement them.

Regarding the origins of these institutional differences, in chapter two I present some data that shows that, for the most part, the state apparatuses of Latin American countries were very similar up until the 1930s and it is only after such date that they started to significantly diverge. It is true that not in all countries had the state been capable of centralizing power and subjecting the whole territory to its control (Soifer 2006, Kurtz 2013). As I discuss in chapter two, the process of asserting boundaries and effectively controlling the territory that lies within them was in fact important for institutional building, but insofar as it did not directly promote either the

professionalization or the social reach of state institutions, it should be considered a different process. Thus, the challenge for a theory of Latin American state building is to explain first, why only a set of six countries (Argentina, Brazil, Chile, Costa Rica, Mexico, and Uruguay) undertook trajectories of substantive institutional deepening, while the rest did not, and second, why did each of the six countries where significant state building experiences occurred followed the specific state building trajectory that it did.

At the heart of the argument that I propose to explain these differences are two components that have characterized state building theorizing in general: conflict, coalitions, and how their interaction produces institutional effects. To explain how social conflict and coalitions led to different trajectories of institutional building in the Latin American context, I consider how, in the context of critical changes in the world political economy and the rise of mass politics in the first half of the 20th century, the *preferences* for state reform of different social actors as well as the type of *resources* that they could make available for institutional building shaped in crucial ways both the likelihood that substantial reform would occur and the form that it would take.

As the literature on state building makes abundantly clear, it is important to understand under what set of conditions are elites willing to invest the resources that are required for institutional building. The most common line of argument is that they will do so when they perceive that such investment can be a viable alternative—or perhaps the only one available—to survive in the face of either external threats in the form of inter-state war or the internal hazards that emerge from mass mobilization of the lower classes. Some specific types of conflict seem to be more conducive than others for this effect to

take place, but in general the assumption tends to be that, the greater the menace, the higher the likelihood that elites will be willing to cooperate between them and invest in the strengthening of state institutions. The amount of evidence in favor of this "survivalist" effect of conflict on institutional building is very large and, as it will become clear in the following chapters, it certainly played a crucial role in the motivations of Latin American elites when confronted with the prospect of facing lower-class mobilization.

The argument developed in this dissertation, however, makes two objections to these claims: first, while it is clear that these types of threats should enhance the taxation and repressive capabilities of the state, it is not entirely transparent why they should positively affect all dimensions of state capacity. Perhaps the most common mechanism suggested for this to happen is that, in the bargain between political and economic elites, they realize that both need to contribute to their mutual survival, thus the state provides more effectively public goods that enhance economic outcomes, which in turn results in larger possibilities for taxation. From this line of reasoning, however, it is not immediately obvious the type of state reform that is best suited to achieve these results and whether or not societal actors will have the willingness to sustain just any type of institutional building effort. Thus, understanding elites specific *preferences* regarding the type of state reform is of cardinal importance[20].

[20] A slightly less important point connected with elite preferences has to do with the source of the threat that they confront. As it will become clear in chapter 2, the Latin American experience suggests that changes in the international political economy leading to massive disruption of the markets on which economic elites relied for exports was surely perceived as a grave threat to their survival and equally prompted, under certain circumstances, elite collective action to support institutional reform.

The second objection refers to the *resources* that are required to sustain state building efforts. It seems reasonable to suggest that not all societies are equally endowed to provide them, and that such differences should matter both in terms of the types of state reforming coalitions that can be formed and in terms of the likelihood that they succeed. Therefore, the theory that I introduce to account both for the success of state building efforts as well as the specific form that they took in the Latin American region has the following building blocks[21]:

1) *Actors*: a set of relevant actors composed mainly by state reformers, economic elites, and the working class. Stating this "set" in such a limited manner does not mean that no other actors were part of reforming trajectories (or of opposition to them), but these three were pivotal to their success and the direction they would take. However, this does not mean that they always acted in a concerted way: divisions within economic elites and within labor were very consequential for state-building outcomes.

2) *Preferences:* these actors had different inclinations with respect to potential changes to the patrimonial character of state institutions in the face of the radical world changes that shattered the economic and political foundations of these exporting republics. These preferences were dynamic and context-specific: as events unfolded and these actors interacted with each other, allegiances shifted and different possibilities for reform emerged.

[21] These elements, which are presented here in extremely condensed form, are thoroughly explained and developed in chapter two.

3) *Resources:* Institutional building was dependent on different types of resources. Of particular importance were economic ones to finance it, and both organizational and mobilizational to give it specific substance and sustain it over time. Whether or not social actors provided such resources for state reforming efforts was contingent on their availability, the preferences of said actors, and their strategic interaction.

4) *Historical conditions:* the conditions of possibility for institutional building efforts to take shape were broadly given by three macro-historical processes encompassing the whole region: a) the grave disruption after WWI of export markets on which Latin American economies relied, b) the disappearance of traditional forms of labor control along with the corresponding emergence of mass politics, and c) the constraints brought to the region by the tightening of the international system after the onset of the Cold War.

Taking into consideration the previous analytical points, the sequence of the argument has the following structure: changes in the world political economy in the first half of the twentieth century opened space for shifts in the balance of power between contending elites within Latin American countries and the reshuffling of the composition of ruling coalitions throughout the region. By their very nature, these changes had the double effect of diminishing the power of exporting elites and their foreign partners—which had held tight control of state institutions until this point—and accelerating the

political mobilization of the labor force. These changes constituted a critical juncture that created facilitating conditions for institutional building.

In the context of this juncture, three structural factors were crucial in the shaping of reforming coalitions: the characteristics of the economic elite[22], the degree to which the urban and rural population had become integrated into capital-labor relationships, and the organizational development of labor unions, parties, and the military. The reason why these factors were of crucial importance is because both the substantive elements of state building strategies devised by political reformers and the likelihood of their success hinged on the social coalitions that could be built to support them. The first factor determined whether or not institutional building was possible at all: only when the economic elite was diversified did state reformers find in it allies that could provide the economic resources to finance it. The direction that institutional deepening would take or, in other words, whether there would be an increase in the social reach of state institutions or in their degree of professionalization was contingent on the extent to which the labor force was able to engage in relatively free market relationships with employers at the moment when trade between Latin America and Europe became disrupted. Only when this was the case, did state building strategies favoring the inclusion of the working class, which heavily increased the social reach of state institutions through several means[23], became achievable. The third structural factor, the availability of organizational allies, was of crucial importance to sustain state building strategies over the long run. While

[22] Specifically, whether or not the elite had substantially diversified beyond raw material exports to include financial and industrial activities.

[23] This does not mean that this is the only way through which state-building strategies can achieve increased levels of social reach in general. I do argue, however, that this was the case in the context of 20th century state building in Latin America.

various types of organizations could serve the purpose of providing this type of support, among those that were actually part of state reforming efforts, the military was better endowed to back professionalizing efforts, whereas parties and unions were better suited to improve the social reach of state institutions[24].

By exploring how these factors influenced the resources and preferences of different actors, the argument identifies three routes of successful institutional building. State reformers were generally formed—in a political sense—within the ranks of the bureaucracy, the military, or political parties. Either because of ideological reasons or following the dictum of their political ambitions (or both), they sought to seize the opportunity created by the disruption of exporting markets after World War I, with the corresponding weakening of foreign influence in the region and the relative decline in power of local economic interests, to strengthen state institutions. In fact, in the 20 years after the outbreak of WWI, in almost every country of the region there were attempts to introduce significant state reforms[25].

Economic elites were generally opposed to initiatives aiming either to introduce meritocratic mechanisms of recruitment, which could potentially affect their ability to influence state agencies, or to the expansion of the range of activities with which the government was involved. Yet, where the interests of such elites were diversified beyond the simple selling of raw materials and foodstuffs to the exterior and included manufacturing and financial activities, the crisis opened space for shifts in such

[24] Parties and unions, geared towards mobilization, had at their disposal critical tools to reach ample sectors of the population. Armies, in contrast, with their tendency to rely on norms and procedures for their operation, had a better blueprint for professionalization.
[25] The exceptions were Honduras, Nicaragua and Paraguay, countries where the patrimonial equilibrium would in fact survive well into the second half of the 20th century.

preferences. In such cases, a significant fraction of the economic elite recognized an opportunity to benefit from state intervention under a new international environment. Such involvement required, however, more sophisticated institutional instruments and the expansion of the scope of governmental activities.

Beyond economic elites, state reformers' search for allies to support their institutional deepening efforts often turned to the working class[26]. Yet, while labor organizations were almost universally willing to support such attempts as a means to achieve political inclusion and improve their bargain capacities vis-á-vis representatives of capital, to become reliable allies they had to fulfill two conditions: being available for large scale political mobilization and articulate demands that were deemed to be acceptable by the economic component of reforming coalitions. As it turns out, this combination was only possible when capital-labor relationships were relatively free at an early stage. When they were not, labor was initially too weak to provide enough support for state reform and when it finally achieved a stronger organizational foothold, its demands tended to be far more radical and both reformers and economic elites would become extremely wary of such claims.

Thus, the role played by organizations such as the Confederation of Mexican Workers (CTM) and the National Peasants Confederation (CNC) in Mexico, as well as that of the General Confederation of Labour (CGT) in Argentina, was critical to forge the populist coalition that would increase in the social reach of state institutions. In Chile, the support that the army provided to the technocratic project being implemented by Pablo

[26] The middle class was also an important source of support, but this was uniformly so: all reforming coalitions relied to an important degree on its presence. Thus, more than being a pivotal actor, it was a sociological *constant* of institutional building efforts.

Ramírez from the Ministry of Finance and the newly created General Comptroller's office facilitated the formation of a restrictive coalition that excluded the bulk of the working class, and favored a strategy of state professionalization. Finally in Uruguay, state reformers formed a gradualist coalition, where the Partido Colorado and the Partido Blanco—both middle-class based parties—implemented a strategy of state reform that combined both professionalization and social densification in incremental steps. The changes to state structures that were pursued by state reformers with the backing of these different coalitions had durable effects in the institutional building trajectories in Latin America and are still clearly recognizable in the patterns of state development present in these countries today.

1.5 Place and contribution of the argument to different literatures

The argument advanced in this dissertation makes contributions to three different strands of scholarship: first, it qualifies and extends some of the most important tenets advanced in the state building literature by introducing specific conditions that enable or constrain the effects of factors that are at the center of existing explanatory frameworks, such as interstate competition, class conflict, and mass mobilization. The argument also engages with a burgeoning literature that has finally brought the Latin American state-building experience into fruitful analytical conversation with "first generation" theories on the topic. Finally, the argument has also important implications for the study of political regimes and democratization. In the following lines, I explain in further detail each of these contributions.

How can Latin American Institutional Development inform State-Building Theory?

State-building is a process that has undoubtedly unfolded in very different ways across regions of the globe, which makes it unlikely that a single set of factors could be behind the varied trajectories of institutional development of modern states. Not surprisingly, when hypotheses derived from the European experience have been "tested" in post-colonial settings, they have found mild support at best (Centeno 2002, Lopez Alves 2000, Slater 2010, include others). These results combined with the fact that there are enormous variations in patterns of state capacity in formerly colonized territories certainly would seem to indicate that state-building is a phenomenon that exhibits important degrees of causal heterogeneity. Yet, overstressing this point raises the analytical risk of reaching conclusions that could either be trivially true—geographical and/or temporal context obviously matter—or too close to theoretical anarchism. While the interpretation of Latin American state building that I offer in this dissertation is highly sensitive to the historical peculiarities of the area and introduces novel mechanisms to account for the different paths of state development that emerged in the region, it also seeks to contribute to the elaboration of an explanatory framework that in its most basic core shares important commonalities with both "classic" theories of state-building and more contemporary accounts. In an effort to highlight these shared characteristics, Table 1.2 condenses an important number of mechanisms that have been suggested as being causally relevant to state-building processes. The information presented here inevitably abstracts away much of the nuance and complexity that characterizes these arguments, but does so only with the purpose of "distilling" those relationships that are likely to recur in different contexts. I believe a large portion of the

mechanisms that are part of the most salient state-building theories can effectively be linked to four basic macro-components[27]: 1) different types of *conflict* which generally play a role as triggers of state building efforts, 2) social *coalitions* that come together to underpin institutional changes, 3) the *collection of resources* that social actors provide to state leaders, and 4) the *international system*, which heavily conditions state-building trajectories.

The principal mechanisms that my argument puts forward to explain the Latin American experience of state-building all stem from these components and can be contrasted with previous accounts to highlight both its theoretic novelty and the relative differences that the patterns of institutional development in the region exhibit when contrasted with the record of both "core" and post-colonial countries. One important aspect that sets the argument of this dissertation apart from most recent accounts, which by and large trace outcomes directly to the type and/or intensity of conflict, is its emphasis on socioeconomic structure—both internal and external—as a crucial factor shaping the coalitional dynamics that end up explaining institutional trajectories. While conflict does play a fundamental role in the account presented in this dissertation, the resources and preferences of social actors, which are certainly not equivalent within different polities, significantly mediate its effect on state-building efforts[28]. Conflict itself

[27] This analytical exercise, which aims at finding a common core in different state-building accounts, draws partial inspiration from Waldner's (2002) attempt to develop a "standard explanatory pattern" of institutional development that includes both early and late modes of state building. It is also akin in motivation to other authors' efforts to contribute to theoretical accumulation on the subject. Notable in this regard are Tilly's "Reflections on the History of European State-making" (1975), where he explicitly expressed his willingness "…to entertain the hypothesis that some of the relationships which showed up there are quite general…", even when it is unlikely that the European experience would repeat itself "…as a set of events or sequences…" (p. 17).

[28] This point, which is almost lost in many contemporary explanations pertaining to the post-colonial world, is integral to Tilly's capital-coercion theoretical framework, even if this is not always recognized in the

can provide extraordinary incentives to elicit the demand for institutional deepening efforts, but it cannot create the resources that are required to sustain it. In this sense, the social landscape where the "seed" of conflict is planted is probably as important as the nature and intensity of conflict itself.

Similarly, the role of the international system, of critical importance to the bellicist canon, appears in more recent theoretical developments more as a general background condition, seemingly having an indirect and constant effect across countries of any particular region, with the characteristics of local conflict taking over as the supreme causal factors. I contend that, while state-building outcomes are hardly determined by the international system, any significant changes to its main features—such as massive shifts in the balance of power among main contending powers, financial crises of a global scale, or substantial changes to the terms under which goods and services are exchanged—have rippling effects that are transmitted both indirectly and directly to the processes through which states are built. The indirect influence is felt through modifications to the hierarchical bonds that link peripheral and central countries, which in turn set up structural constraints to state-building efforts. The direct effects operate by significantly changing local equilibriums of power and thus the dynamics of social and political conflict.

Finally, and in close connection with the discussion developed in section 1.2, the third way in which my argument makes an original contribution that can resonate with state-building theories in general has to do with the way in which the outcome itself is conceptualized: the capabilities of the how the way in which both economic and political

simplified formula of "war made the state and the state made war", which has come to represent its main tenet.

bonds linking Latin American countries with Western Europe and North America ran deep enough that . The latter were manifest in the nature of the critical juncture Thus, in very abbreviated form, I posit that a close examination

The Emerging Debate on the Long-Run Development of Latin American States

For a long time, the Latin American region remained at the margins of theoretical and empirical discussions on state-building. At best, it served as a "test-ground" for older theories (Centeno 2002, Safford 2013) or as a point of contrast to the North American experience in a tale of two colonial legacies: the British leading to institutional success, the Iberian to failure (Acemoglu et al 2001, Mann 2002, North et al 2000). Given the significant differences in state capacity that exist between countries of the region, this inattention seems to be not only unwarranted, as such large variance certainly calls for an explanation, but it also represents a missed opportunity in terms of enriching the body of state building theory.

Fortunately, in recent years a number of scholars have taken up the task of bridging this gap and several theoretical arguments have been proposed to explain the differences in state building trajectories throughout the region. Interestingly, the arguments differ considerably from one another, inaugurating a debate that will likely endure for years to come. There are two main sources of disagreement: first, there is the question of *when* Latin American states started to significantly diverge. There is relative consensus around the notion that structures of authority inherited from the colonial past were severely disrupted by the wars of independence in the early 1800s and it was not until the second half of the 19th century that the nation-states that emerged in the region

were able to effectively establish centralized power arrangements. There is a first group of authors who consider that it was during this period that the conditions for ulterior divergence in the history of Latin American states developed. While each of them suggests a different causal framework to explain it, they all argue that the patterns of state authority that emerged to deal with the basic problem of order during the period of export expansion in the late 19th century would set countries in different institutional trajectories that would then prove to be stable during the 20th century[29]. There is a second collection of works whose authors argue that the true crossroads in the development of Latin American states did not come until the inter-war period, a time marked by significant changes in the international arena and the emergence of mass mobilization. According to these arguments, the different solutions that were devised to deal with such challenges are at the root of the varied paths of institutional development followed by the countries in the region[30].

The second source of contention has to do with the specific causes behind the divergence. While the differences between authors are somewhat more complicated given that their arguments do not fall in two sides of a clear divide and sometimes have an important degree of overlap, it is perhaps not surprising that arguments that locate the relevant moment of divergence towards the last quarter of the 19th century tend to place more emphasis on factors connected to the assertion of centralized authority and the

[29] Most representative of this group are the works of López Alves (2000) and Soifer (2015). In close connection to these, although centered on the democracy/authoritarian divide in Central America and only indirectly analyzing the state, is the work of Mahoney on the Legacies of Liberalism (2001).
[30] Kurtz (2013) and this dissertation fall squarely in this group, which is complemented by the works of Collier and Collier (1991) and Yashar (1999). As with Mahoney in the first group, the latter two authors are more concerned with regime dynamics, but they also deal with institutional differences that are closely connected to state development patterns.

development of an export economy in contrast to those favoring a later point of variation, which tend to stress the role of mass mobilization and its effects on coalitional dynamics (See Table 1.3). Therefore, to an important extent the questions of when and why did Latin American states embark in contrasting trajectories are connected and whatever answers are provided for one have implications on the answers that can be provided for the other.

Table 1.3 Competing Arguments on the Timing and Causes of Latin American Institutional Divergence

Author	Point of Divergence	Roots of Divergence
Soifer	1870-1890	Economic development and state elites' strategy to penetrate territory (direct vs mediated).
López Alvez	1870-1890	Type of conflict (urban vs rural) and mode of political incorporation of the rural poor (army vs parties).
Mahoney	1870-1890	Liberalizing policies leading to different patterns of militarization and land holding.
Kurtz	1870, 1930	Freedom of labor (1870) and timing of political incorporation (1930)
Ibarra Del Cueto	1920-1940	Types of social coalitions, in turn determined by socioeconomic structure and labor mobilization.
Yashar	1920-1940	Cross-class coalitions facilitated by non-concentrated distribution of economic resources and popular mobilization.
Collier and Collier	1920-1940	Strategies of labor incorporation into the political arena.

Taken together, the authors of these accounts show pretty convincingly that, to understand long-term patterns of political development in the region, there are good reasons to focus on these two moments and the challenges that they presented to post-colonial Latin America. My aim in the following lines is to make the case for a certain "structure of explanation" that can be sensitive to the impact of factors that unfold over longer stretches of time, such as the development of different types of export economies or class formation, as well as the short-term factors that are temporally closest to the moments when divergence occurred. In so doing, the position of my argument in both the timing and causation debates as well as its contrast with existing explanations should become clear.

The first point to be made is that, even when it is compelling to argue that causally relevant factors of state-building processes in the region can be traced back to the period of export expansion at the end of the 19th century, state capacities remained very limited by almost any measure until at least the fourth decade of the 20th century. This is partially revealed by the fact that the first civil service reforms were not introduced in any country of the region until the late 1930s and bureaucracies remained very small in general up until that decade. There is another, perhaps more objective, piece of information that better shows the overall weakness of Latin American states before this point: their high dependence on tariffs and export duties, which made them extremely vulnerable to the volatility of international markets and show that state leaders had until that moment very limited success in extracting resources from both elite and non-elite actors of their own societies. In fact, by 1929, the year of the stock market crash that led

to the Great Depression, direct taxes represented on average less than 10% of the total revenue obtained by these countries, and in none of them did this figure reach the 20% mark[31]. In other words, even the most "capable" Latin American states in terms of taxation were not able to obtain even one fifth of their fiscal resources through direct taxes[32]. Therefore, even when there could be some differences regarding their coercive capabilities or the provision of public services, it is truly difficult to argue that the substantive changes that would set some states apart from others in terms of their infrastructural capacities happened before this date.

The fact that the actual differences in state strength did not arise until this point in time certainly does not mean that all their causes must have emerged and operate in temporal proximity, but it does impose certain restrictions to the structure of any argument aiming to explain such transformations. In particular, it seems unlikely that these changes could be a consequence of "slow-moving" processes (Pierson 2003), with continuous accumulation of small modifications being responsible for large variations over the long run. The relatively late temporal point of divergence also means that, regardless of the actual factors being considered, they must be actively linked to conditions and events that were present or occurred close to the point of divergence and which enabled them to exert a causal effect on state capacities.

As one would expect, explanations that focus their attention exclusively on the late 19th century do not provide a direct way to connect their causal framework to the

[31] These figures were calculated with data from Bulmer-Thomas (2003) and Mitchell (2007).
[32] Take the case of Chile, for example, which had in fact one of these apparently "stronger" states and yet would still suffer a catastrophic decline in revenue of 58% three years after the 1929 crash. Consider also the case of Brazil, a country where the state would eventually develop very high extractive capabilities, but which at that moment received only 3.5% of its revenue from direct taxation.

specific moment when changes in state capacity occurred[33], but I believe they nevertheless provide crucial insights on the nature of certain causal antecedents. In contrast, the arguments concentrating roughly on the interwar period, such as the one offered in this dissertation, posit two different types of mechanisms that are contemporary to the initiation of such changes: first, the *timing* and *mode* of incorporation of labor organizations into politics and, second, the formation of cross-class coalitions to support state reforms. To some extent, all of these arguments integrate the influence of factors that developed during the period of export expansion in the last quarter of the 19th century: the growth of the labor force and its organizational capabilities, the degree of success of processes of centralizing authority, and changes in the relative strength of different social classes. These antecedents occupy a prominent role in Kurtz' argument, and while both Yashar and Collier and Collier place less emphasis on them, they also consider them in a systematic manner.

The crucial differences between these arguments and the account presented in this dissertation can be identified by looking both at the way in which historical antecedents are integrated into the explanatory framework as well as the mechanisms operating at the point of actual divergence. For clarity of exposition, I deal with these differences by author. The relevant historical antecedent for Kurtz is whether or not labor was free during the period of export expansion. Where it was not, and servile relations prevailed, economic elites fiercely opposed state centralization efforts because of the challenge that such attempts posed to the control that they exerted over the rural population through

[33] It is important to note that not all of these arguments are directly concerned with state building and it would therefore be incorrect to judge their validity in light of this fact. What is at stake here is their explanatory value in terms of understanding the process through which state capacity developed (or not) in the countries of the Latin American region.

local political institutions. This would leave an enduring legacy of "institutional atrophy", severely hampering the prospects of subsequent state-building efforts. My account does not disagree with the importance of what I call the "marketization" of labor relationships, but it rejects the conditional dichotomy implied in Kurtz' argument, which denies in an absolute manner the possibility of successful institutional building where servile labor relationships persisted. This rejection is based on two grounds: first, the notion that there was a clear division between countries where labor relationships were servile and those where they were not is inaccurate at best. Rather, their prevalence was a matter of degree and while it is true that in those cases where such relations remained most widespread state centralization efforts were greatly impaired, coercive labor arrangements remained important until the second half of the 20th century even in some of the cases where the state actually developed high levels of capacity [34].

The second reason to reject this notion is connected to the consequences that a "detached" labor force had on the political development of these countries over the long run: ironically, while Kurtz argues that free labor was crucial for state centralization in the period of export expansion, he believes a subsequent requirement for state development was the *late* incorporation of labor into electoral politics. This poses what in my opinion is an insurmountable contradiction in his account given that it was precisely the persistence of coercive labor institutions in the countryside what allowed countries like Chile, where according to Kurtz the most capable state emerged, the "luxury" of delayed incorporation[35]. My argument does consider that late incorporation was

[34] The epitome of this situation is the case of Brazil, which regrettably does not form part of Kurtz' study, and where arguably one of strongest states in the region emerged.
[35] What is more, late incorporation meant in almost all cases more radicalized labor organizations and stronger communist parties. These actors would prove to be unreliable partners for state reform projects,

beneficial for *one* path of state reform: the professionalizing route implemented in Brazil and Chile, but not for the populist sequence of reform characteristic of Argentina and Mexico, nor the gradualist alternative followed by Costa Rica and Uruguay. In the latter two pairs of countries, the early political availability of a large portion of the working force was actually beneficial for state reform projects. Quite notably, this difference also points to the importance of distinguishing between different types of state strengthening, a point that is completely lost in the strictly dichotomic contrast that most studies aim to explain, including that of Kurtz.

The argument offered by Collier and Collier is perhaps the one that places more weight on the events and strategic choices of political actors in the period closest to the onset of structural changes[36]. From the Colliers' perspective, it was the different strategies chosen by state leaders to deal with the emergence of the labor movement—represented in distinct *modes* of incorporation of labor into the political arena—what would have major repercussions on the long run evolution of national politics. Social support for these strategies would come in the form of cross-class coalitions that ultimately would "crystallize" in party systems that produced "…distinctive processes of accommodation and conflict..." (p. xv). Because their explanatory framework remains exclusively focused on the regime question narrowly conceived[37], the measure of institutional success is given by how integrative such party systems were, an attribute that

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particularly during the Cold War era. The virtual inexistence of communist parties in the countries of very early incorporation is testament to this fact.

[36] In their own words: "…if one wishes to explain why the incorporation periods took the specific form they did in each country, the answer will focus more centrally on the dynamics of intraelite politics and choices by actors within the state, although at various points choices made within the labor movement were also important…" (p. 50)

[37] By which I mean the presence/absence of elections.

would prove decisive in avoiding the possibility of succumbing to the threat of a bureaucratic-authoritarian coup[38].

While these patterns were undoubtedly relevant to the evolution of state institutions, they do not come close to providing a satisfactory explanation for it[39]. In fact, political configurations producing similar *electoral* dynamics were often compatible with very different trajectories of state development. Perhaps the most dramatic example of this is given by the cases of Colombia and Uruguay: in both cases, as Collier and Collier correctly point out, traditional parties whose origins can be traced back to the mid 19th century strategically broke with the exclusionary practices characteristic of oligarchic political competition and were critical in mobilizing large segments of the population—including varying proportions of the labor force—for electoral purposes. Yet, while the state remained incredibly small and almost completely incapable of asserting control over the territory in Colombia, comparatively strong institutions with high extractive capacities and the ability to provide the most robust social safety net in the Latin American region emerged in Uruguay.

These divergent patterns are not only indicative of the importance of looking beyond electoral politics to understand long-term processes of institutional development,

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[38] Radical populism, which took root in Mexico and Venezuela, was in this regard the most successful institutional trajectory, followed by electoral mobilization in Colombia and Uruguay. In contrast, the labor populism of Argentina and Perú, as well as the state incorporation strategy of Chile and Brazil, would prove to be unstable arrangements, providing fertile ground for the emergence of bureaucratic authoritarianism in the 1960s and 1970s.

[39] With the benefit of hindsight provided by the relatively long duration of the most recent episode of electoral democratization in the region, it now seems reasonable to question the pertinence of using the integrative criterion as a measure of institutional success. While some of the clientelistic arrangements that enabled more inclusive political dynamics may have served the purpose of avoiding an authoritarian episode—a claim that I believe is not fully substantiated, as will be discussed in chapter 4—over the long run they have also impaired the development of a rules-based, universalistic bureaucratic apparatus in many countries of the region.

but also underscore the significant influence that the make-up of society imprints on them: the choices confronting the leaders of the *Liberal* and *Colorado* parties in Colombia and Uruguay when they decided to electorally mobilize the popular sectors of their respective societies were not completely dissimilar, as the Colliers' narrative very convincingly shows. Yet, whereas the *Colorado* heirs of José Batlle, the mythical Uruguayan reformer, were able to recruit support from an important fraction of the economic elite and count on the support of a well-organized labor movement to push state institutions away from the patrimonial *laissez-faire* equilibrium characteristic of the export expansion period and generate with this a substantive rupture with the oligarchic past, *Liberal* leaders in Colombia failed to move forward with their ambitious reform program of the 1930s[40]. In spite of having succeeded in electorally mobilizing popular sectors, with only a small portion of the labor force being actually organized to provide political support and lacking strong economic allies, they simply did not have the resources to overcome the recalcitrant opposition of landed elites and they could never transform their electoral strength into substantive state reform.

[40] This aborted reformist attempt is further explored in chapter 5.

Chapter 2. The Crisis of Liberal Capitalist Development and the Emergence of State Reform Coalitions

What accounts for the macro historical patterns of state development that were described in the previous chapter? This chapter is devoted in its entirety to the development of the historical argument that seeks to explain both 1) why is it that during the 20th century only in six Latin American countries—Argentina, Brazil, Chile, Costa Rica, México, and Uruguay—deep state reform processes took hold, fundamentally changing the nature of state-society relationships, while in the rest of the region the state retained for the most part its patrimonial character, and 2) why did these six countries follow the particular paths of institutional change that would eventually produce the contemporary patterns of variation in terms of the degree of professionalization and social reach of their state apparatuses.

The argument links contemporary outcomes—variation in patterns of state development—to a critical juncture that was initiated with changes in the world political economy at the beginning of the 20th century. These changes, which were a byproduct of the disruptive effects that the first World War and the economic crises of the 1920s had on the commercial exchange between Latin America, Western Europe and the U.S., modified the influence that foreign powers had over Latin American economies, and altered the balance of power between local economic elites and the state. This, in turn, allowed local political elites to develop a certain degree of autonomy and initiate projects of state reform. For these projects to be successful[1], however, political elites required

[1] By "successful" I only mean that state institutions were significantly transformed in one of the two main attributes that I analyze (or both): either they were considerably professionalized or their social scope was

allies in society that were willing to support them. Changes in the world political economy opened space for the reshuffling of ruling coalitions providing the *opportunity* needed for transforming the state, but political elites would need the material and organizational *resources* to be able to launch such projects. Economic elites, parties, the military, and labor organizations were the actors that could make these resources available to state builders, but not always did they have the capacity nor the willingness to do so. Whether or not state builders were able to find reliable social allies to launch the transformation of state institutions was contingent on three structural conditions that developed prior to the moment when state reform projects were onset: the degree of diversification of the economic elite, the extent to which capital-labor relationships were "marketized", as well as the organizational development of parties, labor unions, and the armed forces. These conditions affected the relative strength of different social actors, the resources that they could contribute to state building efforts, as well as their preferences towards potential reforms to the state apparatus. Different combinations of these structural conditions allowed for the formation of various types of coalitions, but only some of them were conducive to successful state reform projects.

Several authors have recognized the 1914-1930 period as a turning point in the political and economic history of Latin America. Two families of arguments, in particular, have become part of what could be called the "standard interpretation" of the history of 20th century Latin America: the first one links the emergence of mass politics and the different strategies that political elites devised as a response to it, with regime trajectories and distinctive features of party systems (Collier and Collier 1991,

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substantially expanded. I make no judgment on the inherent "quality" of these reforms from a policy or administrative perspective.

Rueschemeyer and Stevens 1992, Higley and Gunther 1992, Kitschelt et al 2010). The second family of arguments sees the collapse of transatlantic trade and its consequences for Latin American economies as the trigger for policy innovation in the economic realm and the establishment of Import Substitution Industrialization (ISI) as a developmental strategy in several countries (Thorp 1998, Bulmer-Thomas 2003, Cárdenas et al 2003).

While not always explicitly, the dual crisis associated with the emergence of mass mobilization and the collapse of transatlantic trade is generally presented in these accounts as the opening point of a critical juncture, after which the political and economic trajectories of these countries sharply diverged depending on the different policy choices made by political elites. The argument presented here builds on the general lines of this interpretation, but shifts the focus both in terms of the outcomes to be explained as well as the causes of divergence after the critical juncture: I contend that contemporary variance in patterns of state development has its roots not on political elites' policy choices but rather on the *state building strategies* that they devised and the *social coalitions* that they could forge to implement them. The argument is less optimistic, however, regarding the role assigned to agency in the construction of such strategies and coalitions, and questions the extent to which they can be considered elite "choices" in the strict sense of the word. Political leaders did enjoy a greater degree of autonomy as a consequence of the economic crisis, but they nevertheless faced formidable constraints as they attempted to deepen state institutions.

The historical argument that I introduce in this chapter has four distinct analytical components: first, a set of critical antecedents[2] which were the result of different modes

[2] For a discussion of the concept of critical antecedents see Slater and Simmons (2010).

of insertion into the world economy as well as the prevalence of international and local armed conflicts, factors that had a decisive effect on the class composition of different countries, the degree of diversification of the economic elite, and the extent to which potential organizational allies for state reform such as parties, unions, and the armed forces would develop as coherent organizations. These antecedents had a decisive impact both in the types of coalitions that would eventually form to back up different state reform efforts and in the extent to which such projects would succeed.

The second component of the causal argument is the critical juncture that was opened when the breakout of World War I and the emergence of drastic fluctuations in the demand for Latin American exports fundamentally altered the oligarchic equilibrium that had prevailed since the 1870's in most of the region. Such equilibrium rested mainly on two closely linked pillars: one economic and the other political. First, the expansion of exports of raw materials and agricultural products to the industrializing countries of Europe and North America brought high rates of economic growth to the region and greatly contributed to the legitimacy of the "liberal order". Second, such economic expansion led to important increases in governmental revenue through the collection of tariffs, which were a crucial means through which liberal political elites consolidated their hegemony in power. These economic and political foundations of oligarchic rule were shattered by the disruption of transatlantic trade caused by the European war and the economic crises of 1921-22 and 1929.

Third, within this juncture, which extended until the onset of the Cold War, the formation of new types of coalitions characterized by the ascension of formerly excluded social groups became possible, and in several instances these coalitions were conducive

to profound changes in state structures. Three types of coalitions were particularly propitious for this to happen: first, a populist coalition was formed in Mexico and Argentina, which included middle and lower class groups—mainly supported by labor organizations—seeking to incorporate as many social groups as possible into the realm of interaction with state institutions. Second, a restrictive[3] coalition of middle and upper class interests, backed up by military forces, and aiming to professionalize and depoliticize state institutions emerged in Chile and Brazil. Finally, a gradualist coalition, formed primarily by middle class groups and backed up by a political party, emerged in Uruguay and Costa Rica, implementing a program of incremental reform of the state apparatus. The direction in which state institutions had started changing—when they did at all—would acquire a dynamic of its own, fueled by the interests of the groups that constituted the new types of coalitions.

Fourth, after the juncture was closed with the emergence of the cold war as the dominant feature of international relations in the region, the inclusion of formerly excluded groups into state-building coalitions became increasingly difficult. The cold war had a double effect on the formation and reproduction of state-building coalitions: it had an important impact in portraying the inclusion of the working class as a threat both to the national interest and to hemispheric security, providing a powerful rationale for their exclusion from the formation of *new* coalitions, and it galvanized both internal and external support for *existing* coalitions, facilitating their persistence over time.

[3] A clarification point is in order: this type of coalition was restrictive in the sense that one of its aims was to limit and contain the influence of labor. Yet it was still a *reforming* coalition and must be distinguished from conservative coalitions that were formed simply to defend the *patrimonial* status quo.

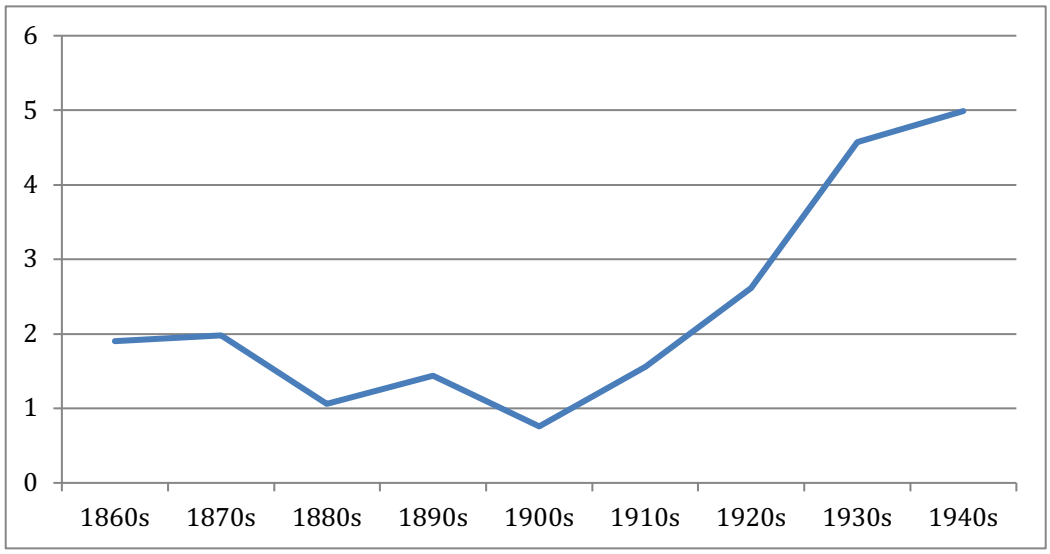
The rest of the chapter develops the four analytical components of the argument—the critical antecedents, the critical juncture, the formation of state-building coalitions in Argentina, Brazil, Chile, Costa Rica, Mexico and Uruguay, as well as the legacies of this formative period—in greater detail in the subsequent four sections. The presentation of how these components combined to facilitate the emergence of reforming coalitions will be inevitably schematic, with the idea of making the argument as clear as possible.

2.1 Economic diversification, the marketization of capital-labor relations, and organizational development as critical antecedents of state reform.

The late nineteenth and early twentieth centuries in Latin America were characterized by two distinct, yet closely linked developments that profoundly transformed the post-colonial societies of the region: the first one was the consolidation of national boundaries, which implied a dual process of external affirmation, sometimes involving interstate conflict, and the internal establishment of authority over territory and population. The second development was the extraordinary economic expansion that followed the increase in demand for oil, minerals, and foodstuffs in industrializing Western Europe and North America, which presented the region with hitherto unavailable export opportunities, bringing unprecedented levels of prosperity to most countries. The rise in demand for Latin American products was so sharp that the region as a whole could afford to have the highest tariffs in the world at the time (Coatsworth and Williamson 2004) and still enjoy the highest rates of growth of the developing world (Maddison 2003). The corresponding rise in custom duties helped finance what in retrospect was clearly a political golden age: after half a century of political instability since

independence, this period was characterized by a relatively low number of civil wars and coups d'état (See Figure 2.1).

Figure 2.1 Average Variance of Polity Scores in 16 Latin American Countries (1860-1950)*



* In absolute value.
Source: Author calculations with data from the Polity IV projet

The general traits of this period characterized by efforts of state centralization and economic expansion have been treated extensively by a number of historians[4] and need not be covered in detail here. For analytic purposes it is only necessary to point out some of its *consequences*. First, different modes of insertion into the world economy had important effects on the characteristics of local economic elites and on the type of capital-labor relationships that emerged in these political economies. Exports of commodities and imports of manufactured goods were the general norm throughout the region, but

[4] The best general overview of the economic aspects of the period is provided by Bulmer-Thomas (2003). Halperín-Donghi (1993) provides a very concise review of the most important political events from a regional perspective.

countries differed greatly regarding the specific composition of their sales to the exterior, the degree to which such sales were controlled by foreign interests, and the extent to which the local bourgeoisie made incursions into other economic activities such as finance, commerce, and the production of basic manufactures for the provision of local markets. State deepening efforts required reformers to find allies among local economic elites, but they would struggle to find them where such elites remained closely tied to land. In contrast, where local economic elites were composed by a variety of economic interests, state leaders could ally with the fractions that found in the economic crisis an opportunity to shift productive activities away from agriculture and the exploitation of natural resources, but required governmental support to do so.

Generally speaking, there were two different paths leading to the emergence of a diversified local economic elite: the first one was through the expansion of national consumption markets, which allowed for the development of incipient manufacturing activities along with the growth of finance and banking. This route to economic diversification was common in larger countries, such as Mexico, Brazil, and Argentina, and to a lesser extent Chile[5]. The second path was not based on the size of the local market, but rather on the extent to which finance and commerce remained in the hands of national entrepreneurs, separated from agro-exporting elites. Costa Rica and Uruguay, stand out as archetypes of this latter path to diversification of the economic elite, but there were other notable examples, such as Ecuador and Perú, where a clear division

[5] From the point of view of population, Colombia, Perú and Venezuela clearly had the *potential* to develop national markets of considerable size, yet an incomplete process of national integration meant that regionally segmented markets prevailed. For a thorough discussion on the "unfinished" nature of Andean states and markets, including those of Colombia and Perú, see Adelman (2006)

emerged between landed elites in the highlands, and more commercially and financially oriented elites in the city-ports of the coast.

Second, the social transformations brought by economic growth were equally diverse and profound, but there was one in particular that would be very consequential for the formation of different types of state-building coalitions: the extent to which the labor force was detached from traditional forms of exchange and formed part of relatively free labor markets[6]. Despite demographic differences, Latin American economies generally faced a shortage of labor during this period, and several means were adopted to face this problem: European immigration was favored in the southern cone, particularly in Argentina and Uruguay, but important contingents of immigrants also arrived to Brazil and Chile. In Mexico, Central America, and the Andean region, one of the alternatives followed was the recruitment of laborers from the indigenous population, which required the dismantling of communal forms of property that granted access to land to the indigenous peoples[7].

These elitist measures of labor recruitment had important effects in the erosion of traditional forms of organization and the formation of a rural and urban working class with the capacity to articulate economic and political demands and mobilize its ranks to advance them. Very much as it occurred in the European experience (Moore 1993), in

[6] It is important to stress the word "relatively": while slavery was abolished in all countries long before the turn of the century, free labor markets did not immediately emerge. There were a number of coercive mechanisms in place to limit workers mobility and to keep labor costs depressed including non-monetary forms of payment in exchange for labor in the rural side, as well as severe restrictions of workers associational rights in mining centers and the cities. Most of these mechanisms would survive well into the 20th century and were, indeed, one of the causes that explain the large mobilization of labor and peasant organizations that occurred in a number of these countries around the time when trade between Latin America and the rest of the world became disrupted.

[7] This process also had the purpose of making land available for commercial agriculture. For a thorough review of how these events unfolded in the Central American region, see Paige (1997). For an interpretation of its effects on regime trajectories, see Mahoney (2001).

countries with higher rates of urbanization or without labor-intensive agriculture, such as Argentina, Uruguay, and Costa Rica, a market-oriented labor force emerged early. To a lesser extent, this was also the case in countries where mining was an important component of exports, as well as countries where privatization of communal lands was extensive enough to force the formation of a large rural workforce fully incorporated into the wage economy.

Sooner or later a fully "proletarianized" labor force would emerge in all countries of the region, but the moment when this occurred was of critical importance: labor would be a reliable ally of state reformers only when it was available for large-scale political mobilization at an early stage. This was so for two main reasons: first, the range of policy options that state leaders had at their disposal to attract labor leaders into their ruling coalitions was largest precisely when the effects of the international crisis where most severe and opposition from dominant economic elites was weakest. Second, demands raised by labor organizations that were mobilized early tended to be perceived as far less radical than those of later periods, which over time made a stable alliance between state reformers and labor organizations increasingly difficult.

Finally, there is the issue of organizational development. As it was previously argued, state reformers required not only the forging of a broad social coalition to push forward with changes to state institutions, but also an enforcing organization that would ensure that such modifications were not reversed over time. Reliable partners providing the necessary organizational resources for success consisted essentially of the military, political parties, and labor unions and confederations. In a number of countries the assertion of national boundaries and the establishment of authority throughout the

territory required the development of relatively complex military apparatuses. This was the case in countries that faced major international conflicts as well as those in which large portions of the territory had not been colonized prior to independence. In countries facing important degrees of international competition, military cadres became an important source of pressure for state reform, as a strong state could have an important effect in critical outcomes, such as economic development, which in turn was crucial for political survival and influence in the international arena[8]. This organizational development would eventually prove to be crucial for institution building purposes in the critical juncture that opened after 1914, as the military became a key ally—and sometimes also a key opponent—of state reformers. Military organizations with the potential to become important allies in state reforming coalitions developed in Argentina, Brazil, Chile, and to a lesser extent in Mexico, Perú and Guatemala.

Regarding the development of political parties, by the dawn of the European war most countries in the region had adopted formal republican institutions, including the separation of powers and a presidential form of government, yet the extent to which checks and balances effectively worked and competitive elections served as a mechanism to define access to representative positions varied greatly. In some countries—specifically in Chile, Colombia, Costa Rica, and Uruguay—oligarchic political competition facilitating the emergence of political parties had developed. Even though these political organizations were during a long time biased toward the interests of the agro-exporting elite, to the extent that national markets became integrated and a working

[8] This mechanism was not entirely dissimilar to that identified by Tilly (1992) in the formation of European states. Yet, there were crucial differences in terms of the types of conflict that were relevant for state formation and the extent of their impact in such process. For a thorough discussion of such differences, see López Alves (2000) and Centeno (2003).

force of considerable magnitude emerged, they became not only an effective vehicle to push for the expansion of suffrage, but were also instrumental in mediating conflicts between capital and labor. Where parties were able to develop ties both with the working class and with non-agrarian business interests, they had the potential to be a pivotal ally for the implementation of state reform projects through three different mechanisms: first, they canalized the demands for social protection and economic intervention that these groups heralded. Second, they tended to moderate the radicalism of labor demands. Finally, through a close connection with the bureaucratic apparatus—it is important to point out again that no Latin American country had a meritocratic civil service in place at this point—these parties could work as a "buffer" against direct attempts of conservative interests to capture state agencies.

Labor organizations of both rural and urban workers were the third type of organizational actor with which state reformers could forge an alliance in order to deepen state institutions. I have already argued that the timing of labor mobilization was of cardinal significance, but it is also important to note the type of benefits that an alliance with labor could provide for state reform. The first and most obvious was that of numbers. Opponents of state reform were generally well organized and had an important amount of economic resources at their disposal to stifle initiatives that significantly affected their interests. Thus, state reformers could resort to the mobilization of labor—in the streets, at the workplace, or in the ballot boxes—as a tool to counterbalance the power of traditional elites, as long as they could keep relative control of the demands of workers. Beyond numbers, these organizations provided a unique medium through which state institutions could penetrate society, gaining important degrees of social control,

something which had remained elusive for most states in the region during the nineteenth century. Lastly, the alliance with labor also delivered a blueprint for the way in which new groups could be incorporated into the realm of interactions with the state, facilitating their recruitment into both existing and novel organizations, as well as downplaying the potential radicalism of their claims.

The way in which these three developments unfolded in different countries during the late nineteenth and early twentieth centuries—namely, the degree of diversification of the economic elite, the timing of labor mobilization, and the extent to which the military, parties, and labor unions emerged as strong and coherent organizations, would have a profound effect on the formation of reformist coalitions in the context of the critical juncture that originated with the disruption of trade between Europe, the US, and Latin America.

2.3 The Critical Juncture: From an Economic Crisis to a Crisis of Hegemony.

The discussion presented in previous paragraphs shows that in terms of the components of exports, the characteristics of labor and consumption markets, and the robustness of party competition, the Latin American region displayed a great degree of variance. However, with respect to their state apparatuses, which is ultimately the main interest of this study, differences were not very large: the public administrations of these countries were generally small—available data suggests that in most countries public employment in the first decade of the 20th century hovered around 0.1% of the population[9]—and were devoted for the most part to law and order activities, the

[9] Data on public employment for this period is somewhat elusive. The numbers presented here correspond to 12 Latin American countries.

regulation of finance, and the provision of basic public services and infrastructure. These small and scarcely professionalized public administrations were extremely permeable to the influence of both local economic elites and foreign interests[10].

Economic expansion greatly contributed to provide an aura of legitimacy to this state of affairs, but these "liberal republics" were structurally weak in a number of ways. Two factors, in particular, made them very vulnerable to external shocks: first, the dependence on foreign markets for the export of a limited number of primary products coupled with generally small local consumption markets and a manufacturing sector that was still incipient in most of the subcontinent. Probably more important was the fact that public administrations were heavily dependent on the proceeds of tariffs to finance their—admittedly limited—activities[11]. For the most part fiscally detached from their constituents and heavily dependent on the economic expansion of the industrializing world, it is not surprising that when the disruption of trade caused by the outbreak of the European war and the economic crises of 1921-22 and 1929 hit these countries, it brought not only negative rates of growth and the depression of salaries in sectors connected to the export economy, but also a fiscal crisis of considerable magnitude. In the years immediately after these events, the revenues of Latin American governments would fall, on average, by 15% (1914), 25% (1921), and 24% (1929). In some cases the drop took striking proportions: government revenue fell by 35% in Nicaragua following the

[10] Particularly compelling descriptions of this phenomenon can be found in Barrán and Nahum (1979), Arnaud (1981) Topik (1989), Abente-Brun (1989) Fernández Darraz (2003).
[11] Customs duties accounted for at least 50% of public revenues in all countries in the region. In some cases this proportion exceeded 80% (Bulmer Thomas 2003).

outbreak of the war in 1914, by 57% in Chile after the recession of 1921-22, and by 55% in Bolivia after the 1929 crash[12].

Eventually, the effects of the European war, two deep global economic crises, and the corresponding reduction in governmental resources, would lead to the emergence of high levels of political instability in the region (See Figure 4). The specific direction of these changes varied greatly, with some countries experiencing episodes of political liberalization and some others moving in the opposite direction, but the relevant transformations had less to do with modifications of the formal rules of political competition, and more with the new conditions of the political economy as a whole, which was characterized by the relative decline of the power of economic elites linked to the export sector and the reduced influence of foreign interests.

These were the elements that made the initiation of deep state reform projects possible, yet their explicit formulation and successful implementation would require not only the presence of these facilitating conditions, but also the building of social coalitions capable of providing the material and organizational resources to give them form[13]. It is at this point that the structural conditions produced by economic diversification, the marketization of capital-labor relations, and the organizational development of armies, parties, and unions, played a key role. The forging of reforming coalitions was a contentious process, generally requiring important amounts of mass and elite collective action not only to challenge the grip that exporting elites exerted over governmental institutions, but also to build a new institutional framework that would redefine

[12] Figures calculated by the author with information from Mitchell (2007).
[13] For a discussion of the difference between permissive and productive conditions within a critical juncture see Soifer (2012).

interactions between the state and society. In other words, changes in the social and economic conditions that had facilitated the preeminence of exporting elites and the reproduction of patrimonial state structures, though of critical importance, were not sufficient for the emergence of successful reforming coalitions.

Though the differences in the way in which state reformers established alliances with varied sets of social actors were considerable, a patterned sequence leading to the establishment of new equilibriums can be discerned: the relative opening provided by the European war and the economic crises of the 1920's facilitated policy innovation attempts that were promoted by state leaders seeking to remedy the economic and social woes provoked by the disruption of trade. In spite of the fact that these first reforming efforts had some of the elements that would characterize successful institutional deepening—an expansion of the social reach of the state and some degree of professionalization—for the most part they were strictly top-down initiatives, lacking a strong social basis, and devised to "muddle through" a difficult situation that at the time was thought to be only temporal. Policy changes nevertheless affected the interests of exporting elites as well as foreign powers and thus were almost invariably followed by a conservative backlash of varying intensity pushing—often times successfully—for the restoration of limited governments tendering to their policy preferences. After a contentious period marked by mass mobilization and a heightened degree of political participation by the middle classes, new equilibriums, based on hitherto inexistent social coalitions, gradually emerged.

Policy innovation was attempted in most countries at some point between the outbreak of WWI and the first years of the 1930's decade. It often included the creation

of new taxes—to compensate for the loss of revenue due to the reduced proceeds of tariffs and custom duties—as well as the creation of economic promotion agencies and labor offices or departments enforcing new labor codes. The reformist governments sponsoring these policy innovations not always survived the conservative backlash directed against such changes, and when they did, they were unable to fully implement these changes. Nonetheless, in spite of their initial failure, these administrations altered the conditions of the political struggle, and their initial interventions paved the way for future reform attempts, as these reforms created new institutional spaces in which ascending social groups could converge to better defend their policy positions and interests.

The first reformist attempts initiated an iterative process in which multiple interests vied to shape the governmental response to the new economic conditions. Ultimately, it was in the course of this progression that new coalitions could be forged. The conservative efforts to reassert control over governmental institutions were met with varying degrees of resistance and the social conflict that followed these first reformist attempts had a decisive influence in the trajectories of state reform. The crisis of international trade diminished the power of exporting elites and foreign interests, yet they remained very powerful groups: the former still held vast swaths of land and had privileged access to credit and financial markets, and the latter could still exert pressure through many different channels. Thus, for new actors seeking influence over state institutions, it was crucial to bring new resources into the struggle to be able to eventually establish the political and economic bases for new governing coalitions. In competing for influence over governmental policy innovation—not only its specific formal content, but

also its design, the formation and staffing of the agencies that would be responsible for its implementation, as well as the extent and duration of novel interventions—three types of resources were critical: *economic*, *mobilizational*, and *organizational*.

Table 2.1 State Building Coalitions and State Development Outcomes in 16 Latin American Countries.

Diversification of economic elite	Mass mobilization	Org development	Type of Coalition	Outcome* (State type)	Cases
High	Early	Labor organizations	Succesful populist coalition implements state deepening project favoring the incorporation of workers and peasants' organizations.	Encompassing.	Mexico and Argentina
		Party	Middle class based parties broker coalition to implement gradual strategy to deepen state institutions.	Popular-bureaucratic.	Costa Rica and Uruguay
	Late	Military	Succesful restrictive coalition implements state deepening project favoring professionalization of bureaucratic institutions.	Professional.	Brazil and Chile
		None/Party	No state-building coalition forms. Alternation between limited contestation and military intervention.	Patrimonial.	Ecuador, Perú, Colombia
Low	Early	Military	Strong repressive coalition steps up military capabilities, limits deepening of state institutions.	Military-Patrimonial.	Guatemala, El Salvador
		Party	Party based oligarchic pact to block deepening of state institutions.	Party-Patrimonial.	Venezuela
	Late	None	No state-building coalition forms. Foreign assisted military control prevails.	Patrimonial.	Paraguay, Honduras, Bolivia, Nicaragua.

**The outcome refers to the ideal type that better approximates the contemporary characteristics of the state apparatus in each pair of countries.*

2.4. Paths Out of Patrimonialism: Social Coalitions and State Building Strategies in Three Pairs of Latin American Countries

While the external shocks that created the conditions for the opening of a critical juncture were common to the whole region, the response of political elites and social actors to these conditions was not uniform at all. Only in a few cases did the reaction to the crises lead to substantive changes of bureaucratic institutions. The presence of a broad social coalition—always including middle-class groups—that provided ample political and economic support for reform and determined the direction that these projects would take was indispensable for state building strategies to succeed. State reformers would need to find a set of social allies that supported the deepening of state institutions. More often than not, exporting elites did not experience a catastrophic loss of influence as a result of the crises, but in no reforming alliance did they remain as the central partner[14]. At least an important fraction of economic elites would need to see state intervention as an opportunity and not an obstacle for the recovery of economic growth in the context of the cumulative crises that had affected the region. Yet, this "vision" was only possible where local entrepreneurs had made inroads into economic activities that went beyond the simple extraction of resources and agricultural exports and included basic manufactures and financial activities. State reformers would also need an organizational arm that would collaborate with the introduction of changes to the bureaucratic apparatus. The array of changes that different state building strategies would need to introduce to the way in which state institutions operated on a regular basis often required the direct

[14] The obvious implication is that, in cases where no reform coalition coalesced, agro-exporting elites sometimes did prevail as critical partners of ruling coalitions. Perhaps Guatemala and El Salvador are the most illustrative in this regard, where an almost full conservative restoration occurred under the presidency of Jorge Ubico (1931-1944) and Maximiliano Hernández Martínez (1931-1945).

participation of this organizational arm to guarantee its successful implementation[15]. Therefore, beyond the specific social composition of these three types of coalitions, the political leaders that headed these state reform projects relied on different sets of organizations to sustain these changes.

These conditions help explain the most general difference in terms of the institutional building trajectories followed by Latin American countries during the 20th century: during the critical juncture, only in six countries were state reformers able to build a successful reforming coalition garnering the necessary resources to transform state institutions. In these countries, the introduction of new taxes, the installment of different rules of recruitment for bureaucratic positions, and the formation of new agencies would fundamentally reshape the relations between state and society. In contrast, for reasons that will be more thoroughly explored in the next section, state reform in countries that missed this window of opportunity would become increasingly difficult to implement, even when partners and resources for reform became available at a later time.

Within the countries where reform was successfully implemented, three configurations for institutional deepening emerged: the common denominator to all of them was a relatively diversified economic elite and an emerging middle class, but they would differ greatly with respect to the presence and importance of other coalition partners, which also defined the specific nature of institutional reform. In some instances state builders were able to craft an alliance between the nascent industrial bourgeoisie,

[15] Populist leaders in Argentina and Mexico turned to labor and peasant organizations, conservative state reformers in Brazil and Chile to the armed forces, and gradualist reformers in Costa Rica and Uruguay to political parties. Without these organizational allies, attempts of reform would be easily defeated by their opponents both within and outside the state.

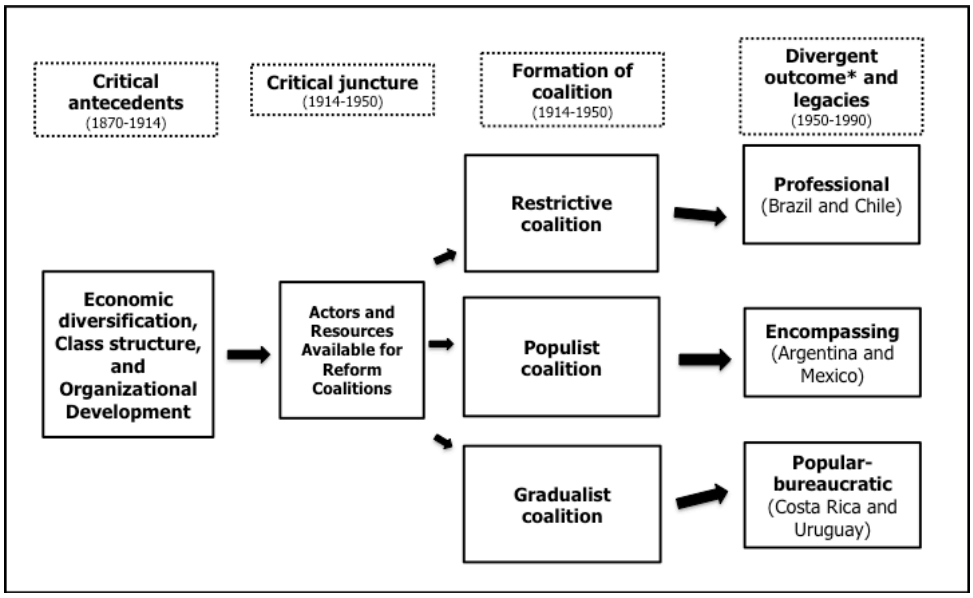
middle-class groups (bureaucrats, small entrepreneurs, and professionals), and labor. The ascent of this "populist coalition" is best represented by the cases of Argentina and Mexico during the Perón (1946-1955) and Cárdenas (1934-1940) years, respectively. With respect to changes to state institutions, this type of coalition sought first and foremost to incorporate as much social groups as possible into the sphere of interactions with the state, heavily increasing its social reach. Labor and peasant unions were the prime organizational partners in this type of coalition.

In other cases state builders would find a different set of allies to support their state transformation projects: landowners, commercial and financial elites, the small industrial bourgeoisie and middle class groups. This "restrictive coalition" would be extremely wary of lower-class mobilization and, in its efforts to transform state institutions, would privilege their professionalization. The cases of Brazil during the Vargas years (1930-1945) and Chile during the formation of the popular front (1938-1944) epitomize the rise of this second type of state building coalition. In these cases, the presence of a professional and cohesive army would prove vital for the success of state reform projects.

Finally, a third type of coalition that was conducive to state reform emerged where urban merchants and financiers, middle-class groups, and a small industrial bourgeoisie coalesced around a political party that implemented a gradualist program of institutional reform. This type of coalition is best represented by the cases of Uruguay under the Colorado Party in the "neobatllista" era (1942-1958), and Costa Rica under the National Liberation Party after the civil war of 1948. Importantly, landed interests were

not completely displaced in either country, but their influence was severely curtailed in both cases.

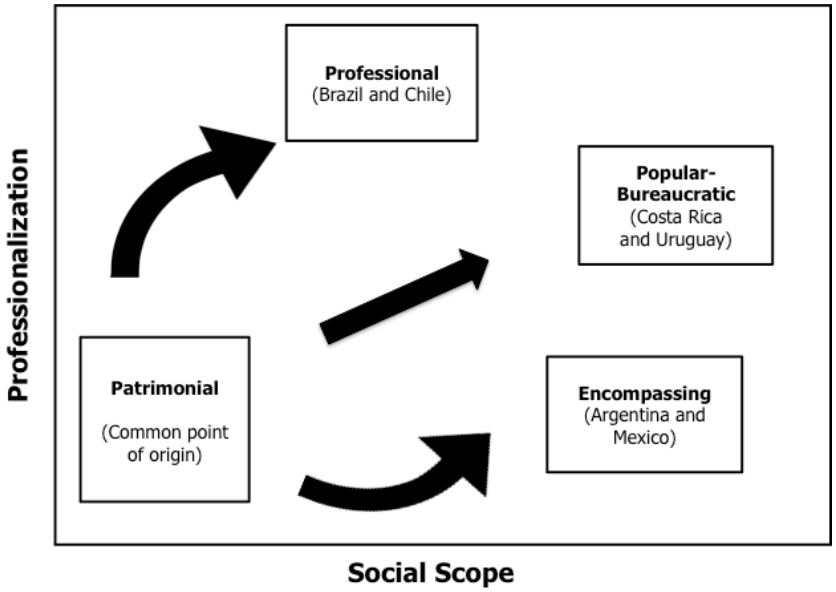
Figure 2.2 The Historical Argument: State Reforming Coalitions in Three Pairs of Latin American Countries



**The outcome refers to the ideal type that better approximates the contemporary characteristics of the state apparatus in each pair of country*

Populist, restrictive, and gradualist were certainly not the only types of coalition that were formed: other configurations were not only possible, but often times they would prove to be very successful as power-holding mechanisms (See Table 1). Yet, only these three coalitions led to the substantive changes of state institutions that would eventually constitute effective *paths out of patrimonialism*. That is, only where state building efforts were backed by one of these three types of coalitions did the state apparatus achieved either higher levels of professionalization, social reach, or both. In the following subsections I delineate the main features of each of the three types of coalitions that led to a substantive deepening of state institutions.

Figure 2.3 Stylized Trajectories of Institutional Building in Three Pairs of Latin American Countries



The formation of a populist coalition in Mexico and Argentina

The type of coalition that state reformers were eventually able to forge in this pair of countries was characterized by the active participation of the organized workforce—mainly urban workers in Argentina and both workers and peasants in Mexico—the nascent organizations of industrial and commercial interests, as well as middle class groups of small entrepreneurs and professionals. Importantly, and in contrast to what happened in the other two pairs of countries, exporting elites played absolutely no role in neither of these coalitions. The key to understanding how this particular configuration emerged in these two countries lies in the combination of an early availability of workers and peasants for large-scale political mobilization[16], and the willingness of a fraction of

[16] Such availability is explained differently in these cases: in spite of the fact that Argentina was mainly an exporter of meat and grains, it was largely a labor-extensive economy. By 1914, less than 30% of the

the economic elite to support both a development strategy based on tariff-protected industrialization and significant changes in the regulation of capital-labor relationships, particularly regarding wages, working conditions, hours of work, and the role of state institutions in settling disputes between employers and workers.

Policy innovation was attempted early in both cases: in Mexico, radical changes were introduced through the 1917 Constitution, which called for a great expansion of the role of the state, mandated an agrarian reform, and considerably modified property rights and rules regulating the exploitation of natural resources, which had the potential to profoundly affect oil extraction, a lucrative economic activity with heavy participation of American and British companies. In Argentina, Hipólito Yrigoyen, a member of the Radical party and the first president to be elected under the Saénz Peña law in 1916, which considerably expanded the franchise[17], pushed for a tax reform and greatly expanded public expenditures[18]. These attempts at reform tried to provide an assertive answer to the challenges presented both by the international conditions and rising social conflicts, in particular those related to working class mobilization in urban areas of both countries, and calls for agrarian reform in the Mexican case. In doing so, these leaders were also catering to a set of interests that differed considerably from the narrow exporting elites that had enjoyed disproportionate access to the policymaking process

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workforce earned a living in agricultural activities (Mitchell 2007), with most of the European immigrants being concentrated in urban areas and engaging in free labor market transactions. In Mexico, the privatization of lands and the intensification of commercial agriculture during the "Porfiriato" opened the way for relatively free labor markets, particularly in the center and north of the country. Yet, it was the agrarian revolution of 1910 that finally facilitated the emergence of a large rural proletariat that was available for political mobilization during the critical juncture.

[17] Formally, the law introduced universal male suffrage, but the high number of foreign immigrants in the country meant that its immediate effects on voter turnout were relatively limited (Halperín-Donghi 2000).

[18] The tax reform lacked enough support within the parties represented in Congress and was defeated in a close vote (Solberg 1973).

until that point. Yet, some of the very conditions that made possible a departure from pro-exporting policies, particularly the fiscal crisis caused by the drastic decrease in revenue from tariffs, also compromised the sustainability of such departure over the medium run, as the administrations supporting it desperately required such resources to sustain the novel governmental interventions.

The conservative response to these innovation attempts was much better coordinated in Argentina than in Mexico. This is explained mainly due to the central role played in the former country's economy by a strong and very well organized landed elite[19], which by 1914 had already built very robust interest associations, such as the Rural Society, to solve its main collective action problems and secure its influence over decisions made within the state apparatus[20]. This stood in stark contrast with the much more dispersed Mexican exporting elites comprised by both foreign and national companies in the mineral sector—with oil enterprises figuring prominently—and the very much disarticulated landowners[21], which had suffered a tremendous downfall after the 1910 revolution (Falcón 1978, Meyer 1991).

Therefore, in Argentina policy innovations were defeated almost immediately, first through formal means—mainly votes in Congress and administrative measures—and eventually via a coup d'état in 1930, just a few years after the third presidential election under the Saénz Peña law, which was won once again by the Radical party. In Mexico the conservative backlash was of minor intensity, but comparatively it carried a greater

[19] The main channel through which the landed elite expressed its policy preferences and exerted pressure over the policy making process was the Sociedad Rural Argentina or SRA. (Birle 1997)
[20] The Rural Society remained a prolific provider of cadres for the government up until the mid 20th century.
[21] Though landed elites had an important degree of influence during the Porfiriato (1876-1910), their influence declined markedly after the advent of the Mexican revolution in 1910.

weight from external powers, in particular the United States, whose authorities frantically sought guarantees for American enterprises operating on Mexican soil in light of the provisions included in the 1917 Constitution, which essentially authorized the government to confiscate land for redistribution and expropriate companies exploiting natural resources. Though the implementation of such measures had been extremely limited ten years after the promulgation of the 1917 Constitution—a testament to the influence exerted by the interests opposing it—in 1928 the Calles-Morrow agreement between then Mexican President, Plutarco Elías Calles, and Dwight Morrow, the US ambassador to Mexico, gave explicit assurances to oil companies that the assets and land they had acquired before 1917 would not be expropriated by the Mexican government. Similar assurances were given to landowners—both Mexican and foreign—thus completing the measures aimed at neutralizing these policy innovation efforts (Meyer 1977).

Most probably, in the absence of a newly organized labor force of considerable strength and a set of local economic elites ready to take advantage of the opportunities that protectionism opened for local industry, these narrow interests may have been able to impose their policy preferences for much longer—as they did in several other countries in the region during this precise period. Yet, the foundations of these attempts at restoration were relatively tenuous, particularly after the depression of 1929 deepened the protectionist turn that the world economy had experienced since the beginning of the 1920s (Krasner 1976, Maddison 2003), leaving local exporting elites and their political allies in a relatively weak position vis-à-vis their opponents. With the international context dominated by the effects of the great depression and the prospect of a second

major conflict between the European powers looming in the horizon, conditions were ripe for a tip in the local balance of power in these two countries. Such circumstances were aptly exploited by Lázaro Cárdenas in México and Juan Domingo Perón in Argentina, prominent members of the armies of their respective countries who had long been within government circles and both of whom recognized in the alliance with labor a unique political opportunity.

The relative differences in the social composition of the coalitions that these leaders forged help explain the fact that, from a policy perspective, the content of the reforms they pushed forward was not the same: in both cases an important component of reform was the protection of local industry and a significant strengthening of the bargaining power of workers, but in Mexico the Cardenista coalition also went ahead with an aggressive plan of agrarian reform with peasant organizations becoming a crucial ally. Still, in spite of this important difference, the long-run institutional effects of these reforms were rather similar, giving rise to socially dense bureaucratic structures, closely linked organizationally to the plethora of unions, leagues, federations and confederations of organized labor which became tightly coupled with the state. This resulted in state apparatuses which very effectively served the purpose of centralizing power[22], with a high capacity to penetrate society—perhaps the two most capable in this respect within the region—but which nevertheless lacked means to ensure that, in its relationship with social actors, state authorities could keep the upper hand, as evidenced by their low taxation capabilities (Bergman 2004) and their very limited regulatory competencies, characteristics which, for the most part, persist to the present day in these two countries.

[22] Not an easy task in two federal countries that had historically endured episodes of very strong centrifugal tendencies.

Restrictive coalition in Brazil and Chile

In Brazil and Chile, the main actor pushing early for state reform was the military. In both cases young officers within the army[23] saw in the patrimonial institutions dominated by oligarchic interests an unmistakable sign of state weakness, which was further confirmed, in their view, when the bureaucratic apparatus seemed helpless in trying to implement measures to palliate the effects of the international events—once again: the European war and the two massive economic crises of the 1920's—on the local economy and society. Yet, beyond the obvious power provided by arms, the voices that were calling for state reform did not have at that point in time nearly enough societal allies to fundamentally change the influence that exporting elites exerted over the political system.

In contrast with Mexico and Argentina, state reformers in these countries could not easily resort to an alliance with labor: in spite of the fact that both countries received important contingents of European immigrants during the late 19th and early 20th centuries, the bulk of the working force was still concentrated in rural areas throughout the critical juncture that enabled the formation of reformist coalitions in the region[24]. In these areas strict mechanisms of labor control were in place, making the majority of the

[23] Both the "tenentismo" movement in Brazil and the "ruido de sables" protest in Chile were military manouvers aimed at expressing in no ambiguous terms the dissatisfaction of military officers with the status quo. These movements were strikingly similar in the fact that these officers not only repudiated oligarchic influence over policy-making mechanisms, but also had a precise agenda aimed at instituting meritocratic methods of recruitment as well as passing basic social legislation, including the amelioration of working conditions in general, as well as recognizing unions as legitimate representatives of the working class.

[24] Up to 1920 more than half of the economically active population in these countries was working on agricultural activities (Maddison 2003). Comparatively, these mechanisms of labor control were more prevalent in Brazil, where coffee production remained the main component of exports.

labor force unavailable for political mobilization. Yet, other social actors—in particular incipient industrial interests and the middle-class composed of bureaucrats, professionals, and intellectuals—did share some of the concerns of the military officers and started to be vocal about it, even if they lacked key organizational capacities to coordinate pressure in favor of state reform.

Comparatively, the first reformist attempts in these countries arrived late and in both cases their initial implementation required some form of military intervention. In 1930 in Brazil, protests erupted after a contested election between Júlio Prestes, a São Paulo politician formed in the tradition of the old "cafe com leite" oligarchic pact, and Getúlio Vargas, the governor of the southern state of Rio Grande do Sul, who was close to the "tenente" movement. Official results gave Prestes the triumph, which convinced many within the "tenentes" of the futility of electoral action to achieve change[25]. In the months following the election, and before Prestes was inaugurated, a military and civilian revolt, in which a substantial portion of the army participated, forced the removal of President Washington Luís and gave way to the ascension of Getulio Vargas to power. However, the heterogenous nature of the groups that had supported the "1930 Revolution", as the revolt came to be known, made for a very feeble base to launch state reform attempts, as it included a number of traditional politicians closely linked to local landlords and exporters. Therefore, in his efforts to transform state institutions, the "tenentes" would be become Vargas' prime allies, but the support they provided would eventually prove to be insufficient for state reform to take hold.

[25] Reformist interests had the most to gain with the removal of Washington Luís as President, yet the revolt that followed the election had very much the flavor of a regional conflict between the states of Sao Paulo and Minas Gerais. Traditional politicians—and their oligarchic allies—fell in both sides of such conflict, making the initiation of state reform projects all the more difficult.

In Chile, the electoral triumph in 1920 of Arturo Alessandri, a middle-class candidate with a reform agenda that included social legislation and Constitutional reform to strengthen the executive at the expense of the oligarchy-controlled Congress, elevated hopes that important changes would ensue. After such transformations failed to materialize through the legislative process in the first years of Alessandri's administration, in 1924 young cadres and a few high-ranking officers of the military successfully pressured Congress to pass a number of reforms and eventually forced the resignation of the President after he refused to remove several ministers of his cabinet. Colonel Carlos Ibañez del Campo[26], the new minister of war, emerged as the strong man of the country and promptly supported the introduction of radical changes under the framework provided by the 1925 Constitution, including a massive reorganization of public administration (Silva 2009).

Significantly, while reformers in both Chile and Brazil made overtures to the working class, such gestures provided very little in the way of actual support for reformist attempts given the limited development of workers' organizations at the time and only served to significantly alienate conservative interests. The reaction from traditional elites did not take too long to materialize in various forms: legislative opposition, accusations of corruption in the printed press, as well as the boycott of the implementation of governmental initiatives. Given the fact that reformers did not have an organized basis of social support, this resistance soon proved effective in bringing these attempts of reform to a halt. In Brazil, Vargas was able to remain in power, but his basis of support shifted, albeit temporarily, away from the "tenentes" and towards members of

[26] As minister of War and later minister of the Interior, he held power "in the shadows" until 1927 when he was elected President with 98% of the vote.

the formerly displaced oligarchy (French 1991). In Chile, where the effects of the great depression were felt much deeper in the local economy, massive protests forced Ibañez del Campo to resign, paving the way for the eventual return of Alessandri to power and the reestablishment of elections (Collier 2002, Moulián 2009).

Yet, renewed influence in an unstable environment was as much as this conservative backlash could achieve, given that both internal and external conditions were not at all favorable for a reconfiguration of an oligarchic coalition. In neither country did exporting interests enjoy the direct support of the army, the emergence of incipient industrialization had contributed to the fragmentation of the economic elite—though landed elites fiercely defended and retained control over rural labor—and foreign interests had little material support to offer to their local allies, particularly in light of the consequences of the great depression. Thus, after a brief period of unstable alliances and the materialization of the communist threat in the form of limited scale revolts that included in both countries fractions of the army, landed elites recognized that to secure their interests over the long run, they would have to support at least some form of reformist initiative in exchange for guarantees to protect both their property and the control that they exerted over rural labor.

It is in this context that support coalesced for a very specific type of reform: in both countries changes affecting the organization of rural labor and land tenure were completely taken out of consideration, while promotion of state-led industrial development would come to occupy a prominent role. Given the scarce participation of the bulk of the workforce in open political activities, the development of clientelistic networks around the state apparatus was relatively restricted until this point, which

allowed for the establishment of mechanisms of meritocratic recruitment and promotion within the bureaucratic apparatus. On the surface, the two countries' political trajectories diverged, as the emergence of this coalition coincided with a new closure of electoral politics in Brazil, with the emergence of the "Estado Novo", but not in Chile, where the Radical party would become the main vehicle through which the coalition's demands became articulated. Over time, however, this would prove to be an ephemeral difference: elections would return to Brazil in the 1940's and authoritarianism would not return to either country until the emergence of very radical labor movements in the 1960s threatened the equilibrium on which these reformist coalitions rested. Over the long run, the success of this type of coalition had the consequence of shaping states with relatively high levels of professionalization—especially when compared with other Latin American countries—but with quite limited social reach.

Gradualist coalition in Uruguay and Costa Rica

The export economies that developed in these two countries in the late 19th century had important differences: while in Costa Rica, as in other Central American countries, coffee production became the leading economic activity, Uruguay's exports were mainly concentrated on livestock and cereals. However, in spite of this disparity, these two countries' economic development shared a crucial component: in contrast with the other two pairs of cases, the strength of landed interests, while still significant, was more diffuse and it was the commercial and financial groups based in the respective capitals of San José and Montevideo who held sway over the rest of the economic elite. This was of crucial importance for the emergence of reform initiatives and eventually the

consolidation of state building coalitions in these countries because conservative opposition to them was somewhat milder.

The main impetus for initial reform came both from middle-class groups of professionals that had developed their activities around the financial and commercial activities connected with the exporting sector and, particularly in the case of Uruguay, the working class. The relatively robust electoral competition that had existed in both countries prior to the opening of the critical juncture facilitated the role that parties played in articulating the initial demands for reform coming from these groups[27]. Thus, the first policy innovation attempts came from within the Partido Colorado in Uruguay and the Partido Republicano in Costa Rica, both of which had already been in power before. In fact, Uruguay was the only country in the whole region where a first reformist effort was attempted before the opening of the critical juncture in 1914: during his two periods as president of Uruguay (1903-1907 and 1911-1915), José Batlle y Ordoñez pushed forward with a number of social and economic reforms that called for a much larger intervention of the state in the economy and for the establishment of some benefits for the working class. In the case of Costa Rica, the government of Alfredo González Flores (1914-1917) placed new duties on coffee exports, income was taxed for the first time, and more strict controls and regulations were introduced in the financial market with the creation of the National Bank of Costa Rica (Camacho 1978, Acuña Ortega 1986).

[27] This also marks an important distinction between these cases and the rest: everywhere else policy innovation required some form of direct political displacement of oligarchic interests: in Argentina it was the electoral defeat of the Partido Autonomista Nacional, in Brazil and Chile respective coups d'etat, and in Mexico a revolt to depose the long time dictator Porfirio Díaz. All of these events were preconditions for reformist attempts to emerge.

These reformist attempts modified the perception that exporting elites had of their own capacity to achieve political influence, and prompted the development of new organizations to exert pressure over government decisions (Vega Carballo 1980, Caetano 1992). Ultimately, the conservative reaction to these policy innovation efforts arrived in different forms but with similar results: in Uruguay, the influence of agroexporting interests was channeled through the Colorado Party[28], in particular during the administration of Feliciano Viera, Batlle's successor. In Costa Rica, conservative interests supported the removal of reformist president González Flores[29] as an immediate measure to impede the advancement of the reformist agenda, but over the long run their influence was directed mainly via the Republican Party.

Yet, the early marketization of labor relations in both Costa Rica and Uruguay in combination with the presence of competitive elections meant that parties could hardly ignore the political mobilization of the labor force. Thus, just like the reformist initiatives of González Flores and Batlle y Ordoñez elicited the collective action of *beneficiadores* and *estancieros*, the conservative reaction and its influence on governmental decisions were also met with new initiatives of organization of peasants and urban workers. Before a stable arrangement was achieved, both countries would experience episodes of mass mobilization that triggered new reformist attempts. The prelude to these new policy innovation efforts was provided by the effects of the 1929 crisis, which favored a partial realignment of preferences among the economic elite in regards to state intervention in

[28] The main organization articulating these demands was the *Federación Rural*, which was founded precisely to coordinate the opposition of large rural producers to Batlle's reforms (Barran y Nahúm 1979).
[29] He was deposed by the minister of war, Federico Tinoco Granados, himself a coffee producer and exporter, but his tenure was short-lived and elections returned to the country in 1919.

the economy[30], and fostered the mobilization of labor. Both the Colorado and Republican parties established alliances with the most radical elements of the labor force[31] to deepen some of the reforms that had been started by Batlle y Ordoñez and González Flores, respectively. This led to a rupture with the most conservative groups within each of these parties and an escalation of social conflict.

The stalemate was only resolved when party leaders were able to broker[32] an agreement between contending interests through the advancement of a gradualist agenda focused mainly on moderate interventionist measures in the economy aimed at providing stability in financial and export markets, protecting a small industrial sector, and securing high employment levels. An important effect of this social equilibrium of forces was that parties, and consequently the bureaucratic institutions created under their support, enjoyed an extraordinary degree of autonomy from social actors. This stood in stark contrast with the other two trajectories of reform: in neither of these countries did an "organic" relationship of parties and unions with the state, such as the one that developed in Argentina and Mexico, emerged. Nor did landed elites enjoy a "veto position" over measures related with the organization of labor as they did in Brazil and Chile. In addition to civil service reforms, in both Costa Rica and Uruguay several constitutionally protected autonomous organs were created in conjunction with the expansion of the

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[30] As it was the case in other countries, lower sales to the exterior as a consequence of the crisis and the very high tariffs established in the main markets where these countries sold their products as well as the volatility of prices prompted some producers and exporters to support a certain degree of intervention of the state in the economy.

[31] In the case of Costa Rica, the Republican Party made an alliance with Vanguardia Popular in 1940, the most important peasants' union with strong communist tendencies. In Uruguay, it was not the Colorado Party as a whole, but its Batllista fraction which established close links with the working class in the early 1930s.

[32] Given that the competition between social groups frequently took very violent tones that often times overflowed institutional channels, it cannot be reasonably argued that the process of brokering a coalition was simply the product of an electoral strategy.

number of government owned companies[33]. Over the long run, these changes gave the Uruguayan and Costa Rican states the professional and socially dense outlook that still characterizes them in contemporary times.

2.5 The closing of the critical juncture and the enduring effects of reform coalitions.

At the end of World War II, and once the race for international hegemony between the USSR and the United States had started, the international context would again exert tremendous influence on the trajectories of Latin American state reforms, but this effect would differ greatly from that of previous periods. In the decades preceding WWI, the economic expansion of the North Atlantic region and British imperialism were the main source of external pressure over the region. The principal goal of foreign powers in the area during this period was to secure access to markets and guarantee the provision of raw materials and foodstuffs. While economic objectives would invariably remain a powerful rationale for western powers' intervention in the region, the main focus of their attention would now turn to the security concerns raised by the rising power of the USSR and the spread of communism throughout the developing world. In the process, Great Britain would be displaced as the hegemon of foreign relations in the region, a position that would now indisputably correspond to the United States.

The effect of these critical changes in the international context was neither direct nor homogenous. The countries of the region certainly experienced a substantial degree of foreign involvement in their domestic affairs, both through overt and covert means, but these interventions never determined, in and of themselves, the direction that the course

[33] During most of the period studied, these two countries had the largest parastatal sectors, in per capita terms, of the whole region.

of events would take. Instead, the cold war presented a mixture of constraints and possibilities that were incorporated into the repertoire of contention of competing interests. The constraints were quite obvious: the United States would make every effort at its disposal to limit the influence of the USSR and the spread of communism in its closest vicinity—particularly after the Cuban revolution—and the range of resources employed to that effect was quite large: from monetary and technical assistance for economic development programs, to military aid, or outright sabotage attempts against governments deemed to be too close to "the communist threat". But beyond the material resources invested in these efforts, the cold war also provided a powerful narrative through which political events were reinterpreted in the national scene: as in other regions of the world, communism was often portrayed as an enemy to the nation and its values, including religion, community, and family. Quite obviously, the principal beneficiaries of this state of affairs were local conservative interests seeking to thwart pressures from groups aligned to the left of the political spectrum, yet the way in which this was translated into the dynamics of local coalitions was not a straightforward process at all.

Somewhat ironically, in countries where a significant component of the labor force had been successfully incorporated into state building coalitions, as in Argentina, Mexico, Costa Rica and Uruguay, these social groups—or, more precisely, the unions, parties and other organizations associated with them—stood to benefit from the campaign against communism as they became crucial components of the efforts to tame the radicalism of demands coming from popular sectors and to ensure that communist parties remained a marginalized actor in the national political scene. This had the important

effect of solidifying the ties between political and economic elites with the working class, thus ensuring the survival of their state reform efforts. Those ties were transformed into actual policy commitments that changed the outlook of state institutions: not only were new agencies created to cater to the demands of industrial elites and the working class, but the norms, routines, and rules of recruitment of such agencies were designed to ensure continued access of these groups to state authority, resources, and policy-making mechanisms.

In contrast, where labor became mobilized at a later stage, the effect of international conditions was quite different: establishing linkages with the labor class was increasingly difficult for state reformers for a number of reasons: workers' demands at this point in time were often far more radical, economic elites became heavily involved in the ideological struggle and denounced any and every concession to workers demands as a sign of capitulation in face of the advance of communism, and the pressure exerted by the United States similarly limited the possibilities of cross-class collaboration for state-reform efforts. Taken together, these conditions had a galvanizing effect on existing coalitions, deepening their effects on bureaucratic structures and consolidating the patterns of change that were initiated during the critical juncture. Such patterns would not start to unravel until the end of the cold war, when a less stringent international environment provided the conditions of possibility for new coalitions to emerge.

Chapter 3. The Forging of Populist Coalitions in Mexico and Argentina

How were state reforming coalitions formed? What explains their different social composition in each pair of countries? What were their institutional effects? These are the questions that this chapter delves into, providing empirical substance to some of the theoretical claims developed in the past two chapters, in particular those referred to the six cases that experienced the most substantial episodes of state building throughout the region in the 20th century. In more concrete historical terms, the task is twofold and involves explaining: 1) the way in which the oligarchic equilibrium that sustained for several decades state structures of a patrimonial character developed in these countries prior to the disruption of global trade networks with the onset of World War I, which opened opportunities for state building coalitions to emerge, and 2) the logic behind the formation of three different types of state reforming coalitions. While the purpose of suppressing or at least counter-balancing the inordinate degree of influence that oligarchic elites exerted over public institutions was common to all reformist attempts, the mechanism through which this would be achieved would vary according to the social composition of each type of coalition.

This chapter seeks to address these tasks in regards to the populist coalition that was formed in the cases of Mexico and Argentina, tracing the process that connects critical antecedent conditions that developed during the period of export development with the specific resources and preferences of the actors involved in the building of new institutional configurations in these countries.

In many respects the political, economic, and social conditions of Argentina and Mexico at the dawn of the European war of 1914 were very different: while Argentina was one of the richest countries of the world in per capita terms, had already a predominantly urban society mainly composed of European immigrants, and had enjoyed the peaceful succession of constitutionally elected presidents since the early 1870s, Mexico was a comparatively poor and largely rural country, that had only recently abandoned the thirty year-long dictatorship of Porfirio Díaz and was at that moment in the midst of a violent civil conflict. Yet, in three crucial aspects the histories of these countries ran parallel to each other during the years preceding WWI: in both of them a process of national integration and state centralization was successfully completed during the last quarter of the 19th century, an incipient industrialization process started to take form thus diversifying the interests of economic elites, and, perhaps most important of all, workers—and peasants in the case of Mexico—were detached from traditional forms of exchange and became early available for large scale political mobilization. These common antecedents are crucial in understanding how state reformers were able to forge similar coalitions in the otherwise very different social, economic, and political contexts of these two countries.

Related factors explain the consolidation of state authority throughout the territory in Argentina and Mexico: both countries faced major international conflicts in the second half of the 19th century and fought internal campaigns against indigenous groups to gain control of vast regions that were never fully colonized under Spanish rule. During the 1860's, Mexico suffered the invasion of French troops, which in alliance with Mexican conservatives, were trying to establish a protectorate under the rule of emperor

Maximilian I, the brother of Franz Joseph I, emperor of Austria[1]. Similarly, Argentina fought, along with Brazil and Uruguay, the war of the Triple Alliance against Paraguay, the deadliest international conflict in Latin American history. In both Mexico and Argentina, the army also fought prolonged wars of "conquest" against indigenous groups to open their land to agricultural production. These conflicts had lasting positive effects on the capacity of the Mexican and Argentine states to fully penetrate their territories and form a unified polity under a centralized administrative apparatus. It is hardly a coincidence that two veterans of these wars (Porfirio Díaz in Mexico and Julio Argentino Roca in Argentina) would become the most prominent political figures of their respective countries in the last quarter of the 19th century.

Incipient industrialization and the diversification of the economic elite were also a product of similar conditions, which are also intrinsically connected to the assertion of authority throughout the territory to form a unified polity: relatively large internal markets in combination with the high transportation costs prevalent at the time contributed to the development of a process of "natural" import substitution in both countries that allowed for the formation of an industrial sector aimed at satisfying the local demand for processed foods, textiles, and other basic manufactures that could be produced domestically at competitive prices[2]. In Mexico, during the tenure of Porfirio

[1] The intervention occurred in the midst of an ongoing internal civil dispute between liberals and conservatives, which would ultimately be resolved decisively in favor of the former after Napoleon III ordered the retreat of French forces and Maximilian I was captured and killed. The significance of the French intervention for the process herein being described went beyond the effects that it had on the military's ability to control the territory: the war also opened the way for the emergence of a strong national identity among popular sectors, something that was unique among the Latin American countries with a high degree of ethnic diversity and geographic dispersion of their population. The Andean countries and Guatemala constitute very clear counterexamples of this process. See Knight (1994) and Mallon (1995).

[2] In the case of Mexico, the proximity to the US, where investors were avid to seek higher returns to capital, also played a role. For an analysis of Mexico's incipient industrialization during the pre-WWI period, see Cardoso (1980) and Haber (1995).

Díaz as president, manufacturing was the second most dynamic economic sector after mining, with an average growth of 4.1% per annum from 1878 to 1910 (Cárdenas 1997), even when the proportion of the workforce devoted to industrial activities only reached 10 percent by the latter date (Mitchell 2007). In Argentina industrial output grew nearly at a 7% average rate between 1900 and 1913, satisfying a large portion of domestic demand for manufactured products, including part of machinery requirements used in industrial production, and bringing the percentage of the labor force employed in this sector to nearly a third of the total (Rojas 2002).

In contrast, the emergence of a labor force detached from traditional forms of exchange was the product of different processes at work in these two countries: while in Argentina it was mainly the result of the massive immigration of European workers whose geographical relocation was already testament to their ability to move between different labor markets, in Mexico the expansion of commercial agriculture during the Porfiriato contributed to the creation of a mobile peasantry in the most dynamic agricultural sectors, but it took a violent agrarian conflict to fully break the links binding peasants to several types of obligations with landlords in the countryside[3]. But even when the causes behind this development were not the same in these two countries, its consequences were certainly quite similar: the emergence of large and powerful labor and peasant organizations with which reformers could forge an alliance to transform state institutions. Several leaders in the region would attempt to establish this type of close link

[3] I am referring, of course, to the Mexican Revolution which was, to a considerable extent, the product of the conditions created by the expansion of commercial agriculture, which required the expropriation and privatization of large portions of land previously held in communal property. For an analysis of general tendencies in this regard, see Katz (1974). A good description of such conditions from a numerical point of view can be found in Meyer (1986). An approximation to the different ways in which such conditions changed as a result of the armed conflict can be found in Womack (1968).

with popular organizations, yet only in a few countries had the balance of power between capital and labor changed enough to make feasible a political alliance with the labor force as it was the case in these two countries. The early political mobilization of workers in Argentina and both workers and peasants in Mexico had an additional important effect: their active participation in the political struggle would ensure their support to the populist organizations and parties that reformers were aiming to form, allowing the creation of a stable and enduring alliance and making it difficult for more radically oriented parties to recruit from their bases in the future. Where such participation was delayed, as it was the case in Brazil and Chile for example, such pact with the working class was impossible to forge, and the emergence of stronger socialist and communist parties was inevitable.

The path leading to such an alliance, which will be further analyzed in the following individual-country sections, was not immediately evident at the moment when WWI broke out in Europe: the effect of the disruption of transatlantic trade was felt at a different pace both on the economy and the politics of these two countries, and the liberal order came to an end in altogether different ways. Argentina, being mainly an exporter of meats and grains, experienced a negative shock of demand that gravely affected exports, public finances, and the economy in general. Social unrest reached very high levels in Argentina during these years, pushing political elites to devise an enfranchising electoral reform to partially deal with it, opening the way for the first reformist attempts to take place under the governments of the Unión Cívica Radical. Economic elites, particularly the landed elites of the Buenos Aires province, resisted staunchly the reform attempts using all means of influence at their disposal and were successful in doing so until the

1940s, when Juan Domingo Perón and his allies were able to recruit the largest unions and industrial organizations in an alliance that could finally break the agrarian elites' grip on power.

Mexico's economic prospects after the outbreak of WWI were also bleak, but the economic shock coming from the exterior was only partially responsible for this. With a more mineral oriented export economy, exports actually had a small increase because of a rise in demand for oil by the allied powers, particularly Great Britain. Yet the effects of this positive shock were felt almost exclusively within the oil enclave (Haber et al 2003, Meyer 1977). Agricultural production, in contrast, fell sharply not only because of the effects of the war on the world economy, but perhaps more importantly because of the agrarian revolt that shook the country after 1910. The revolt considerably weakened the position of landlords and local economic elites more generally, which facilitated the passing of the very progressive Constitution of 1917. While this reformist attempt would not face the type of strong local oligarchic opposition that characterized the Argentine case, the hostility coming from foreign companies in the oil sector in concert with the US Department of State was no less daunting. Through the direct pressure exerted by the US embassy, these actors were able to bring implementation of the new legislation to a halt, but they did not succeed in reversing it. The impasse would come to an end when a broad coalition came together around the figure of General Lázaro Cárdenas in the late 1930's to support the nationalization of oil companies, an agressive program of land reform, and a considerable expansion of state intervention in the economy.

3.1 Protracted democratization and the rise of the Peronist coalition in Argentina

By the end of the first decade of the 20th century, in spite of the fact that the Argentinean economy had become diversified with the growth of industrial and commercial activities, the organizational landscape of Argentinean society clearly reflected the reality that agriculture was still by and large the most important sector of the economy, with the *Sociedad Rural Argentina* (SRA) being the most powerful and influential organization in the whole country[4]. An important measure of its influence is given by its direct participation in government: eight out of ten members of the cabinet of Roque Saenz-Peña, whose administration was in charge of government at the breakout of WWI in 1914, were members of the SRA[5]. This pattern of governmental access, which had become common ever after its creation, would not disappear until the 1940s, with the emergence of the Peronista coalition. Yet, the deep connection between agricultural interests and the government had started to face important challenges coming from two fronts: unions and the urban middle class. The manufacturing labor force had been growing steadily and already accounted for one fifth of the economically active population by 1913. In terms of organization[6], workers' allegiance was divided between the *Federación Obrera Regional Argentina* (FORA) and the Unión General de Trabajadores (UGT), both created at the turn of the 20th century. The latter defended a non-ideological approach to the defense of workers' interests, while the former, heavily

[4] Created in 1866 first as an association devoted to provide both technical and economic assistance to agricultural producers, it quickly developed into the lobbying "arm" of the landowning class. (Smith 1969, Tarruella 2012).
[5] Only the ministers of Defense and Justice were not members of the organization. (Smith 1969)
[6] Industrial employers had their own interest association in the *Unión Industrial Argentina*, established in 1887. Because industrial output had grown steadily under the export model and without specific policies to promote it, major differences with the SRA did not emerge until the 1930s.

influenced by the European membership among its ranks, was fully committed to the foundation of a communist-anarchic society.

Facing increased labor and middle-class mobilization during the first decade of the 1900s, the first reaction of political leaders was to confront it with violent repression[7]. This was followed by an electoral reform, introducing universal adult male suffrage, meant to win over the opposition coming from the *Unión Cívica Radical* (UCR), a middle class party mainly seeking political inclusion without fundamentally questioning the status quo. Given the size of the foreign born population, the measure did not amount to full electoral democratization—at least not in the short-run—but the reform was not politically innocuous: in the first presidential election after the approval of the "Sáenz-Peña" law, the *Partido Autonomista Nacional* (PAN), the party with the closest ties to the SRA which had presided over the long period of economic expansion in the last quarter of the 19th century, lost for the first time in forty years[8]. The direct beneficiary of the reform was the UCR candidate, Hipólito Irigoyen, a pragmatist leader who gave all indications that collaboration between the SRA and the government would continue unimpeded in spite of the electoral displacement of the PAN. To an important extent, it could be said that agro-exporters were in fact a crucial partner of the "new" governing coalition[9].

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[7] Between 1902 and 1910 the government declared the state of siege five times. Particularly gruesome was the killing of protestors during a May 1st demostration in 1909. To complement repressive measures, a "residency" law was enacted authorizing the government to deport foreigners deemed to be politically "dangerous". (Horowitz 2010)

[8] The party actually ceased to exist after this election, but the influence of agrarian elites was certainly not limited to this party. Smith estimates that 30% of members of Congress *during* the three UCR administrations that governed the country between 1916 and 1930 were directly linked to the SRA. The proportion of top-level bureaucrats occupying key positions in different ministries was with all certainty even higher (Smith 1969).

[9] An interesting piece of information that confirms this assertion comes from the fact that four inaugural members of Irigoyen's cabinet came from its ranks. The full extent to which the SRA was connected with

Once in power, however, Yrigoyen had to deal with the consequences of the European War on the Argentinean economy: by his second year in office, the adverse shock in demand for Argentinean products had resulted in a reduction in the volume of exports of almost 40%, a GDP contraction of 20%, and a decrease in public revenue of 32%[10]. The "marriage of convenience" between the UCR and agricultural interests would not survive the strains provoked by the crisis. On the one hand, labor mobilization became intensified[11], making it increasingly hard for the radical government to ignore workers' demands. Patronage, which had become an important means to appease labor leaders, was impossible to sustain over the long run due to the fiscal imbalance that the government faced. On the other hand, landed elites were quickly losing confidence on the ability of the radical administrations to manage the economy, a distrust that was deepened by subsequent decisions to introduce a set of reforms, including an income tax, new tariffs, and social welfare legislation.

While the reforms were aimed primarily at solving the fiscal crisis of the state, there is little doubt that the Radical administrations were also hoping to build a new basis for support that could provide them with more autonomy and higher chances of electoral success in face of the ever-increasing size of the franchised population. The new tariffs were approved in Congress in 1917, but the income tax was defeated almost without discussion[12]. A few years later, in 1924, Yrigoyen's immediate successor, Marcelo

governmental institutions obviously went well beyond the heads of ministries. See Birle (1997) and Corradi (1985).

[10] Own calculations with data from Mitchell (2007) and the MOXLAD database.

[11] The UGT and FORA fusioned into a single organization in 1914, and even when other unions remained operating in isolation, their fusion considerably strengthened the labor movement.

[12] This was not very surprising given that the tariffs were mostly imposed on products that could be produced locally using cattle by-products such as the shoe industry and cotton textiles. (Solberg 1973)

Alvear—also a member of the UCR—pushed for the approval of social security legislation. If enacted, the proposal would have benefitted workers with retirement and disability benefits and it would have also provided the government with fresh funds coming from contributions. Opposition from employers to the law was unanimous, but the reaction from workers' organizations was ambivalent: while they certainly recognized its progressive character, they were hesitant to lend their support to the party that had so often sided with employers in the past when it came to dealing with strikes and workers' demands[13].

The great depression of 1929 would precipitate the conservative backlash against the timid reformist attempts of the radical governments[14]. Without the support of rural elites and facing increasingly harsh popular protests, the second administration of Hipólito Yrigoyen—only the third to be elected under the Sáenz Peña law—was brought to an end in September of 1930 by a military coup d'etat headed by General José Félix Uriburu. The following decade, known in Argentinean historiography as the "infamous decade", would be marked by the efforts of a conservative coalition to keep control of government and policy at all costs and by all necessary means[15]. This, however, would prove to be an almost impossible task as these conservative administrations[16] had to face

[13] The memory of the events of the "semana trágica" (tragic week) in 1919, when hundreds of protestors were killed by the army, police, and right-wing paramilitary groups in the largest scale repression that workers' had faced up until that point, must have loomed large in these considerations.
[14] After recovering during the 1920s, the value of Argentine exports in US dollars went from one billion in 1928 to 335 million in 1932 (Campins et al 2005). This was not only due to a reduction in demand, but also because of import controls established in the United Kingdom as a response to the economic crisis.
[15] Electoral manipulation—dubbed "patriotic fraud" by its perpetrators—was the main tool to achieve this. Shortly after the coup, the military called for local elections to be held in the province of Buenos Aires, expecting to legitimize the coup through the support that candidates of the recently created Partido Demócrata Nacional (PDN) would receive. Yet, after the election results did not favor the PDN candidates, the results were annulled and a new call for elections was made. After this episode, every election until 1943 would take place under "controlled" conditions.
[16] In all, four presidents governed the country during the "infamous decade". (Explain the Concordancia arrangement).

the triple challenge of implementing policies designed to favor the interests of agricultural exporters in a world that was becoming increasingly protectionist, the heightened militancy of labor organizations, and the fierce opposition of their former ally, the "Unión Cívica Radical". Repression and electoral fraud allowed the regime to cope for some years with the latter two problems, but the economic woes of the time would require the implementation of innovative solutions which, though originally devised as a way to improve the deteriorated terms of trade that Argentine exports were facing, had the partially unintended effect of further promoting industrial activities[17]. These measures included the negotiation of special quotas for Argentine exports in Europe, particularly with Great Britain, and the introduction of a complex system of exchange controls (Villanueva 1975). While the import substituting effects of these policies were welcomed as a temporary boost to the economy, policy makers were quick to ascertain that this "unnatural" development of the Argentine industrial sector would cease as soon as the effects of the crisis receded and regular trade with European countries resumed.

Within a few years it became clear that the protectionist measures implemented in Europe and North America were part of a structural shift in the world political economy that would not come to an end over the short run, making the return of "business as usual" an extremely remote possibility. The breakout of the Second World War only bolstered these tendencies, forcing the government towards the end of the decade to look beyond the temporary measures that it had implemented in the early thirties. However, at this point it was not only the external pressures created by the

[17] By this point, a clear divide between industrial and agrarian interests regarding macroeconomic policy and government intervention had emerged, and there was finally an important fraction of the economic elite with strong preferences for the development of state capacities to proactively intervene markets on a permanent basis.

international context what compelled the conservative administrations to adopt a more interventionist agenda, but also the economic and social changes that had occurred inside the country, among which the most important were the weakening of the agrarian elite, the strengthening of industrial and commercial associations, and the consolidation of a very strong labor movement[18]. Thus, while this decade was marked by electoral fraud and it is generally regarded as a period of political decay, from the perspective of the social actors that would eventually constitute the Peronista coalition, it was a crucially formative period.

In spite of the opposition from an important portion of the agricultural sector[19], the government of Roberto Ortiz—who headed the third of a total of four conservative administrations that ruled the country during the "infamous decade"—pushed forward with a broad plan[20] to promote industrialization, deepen the ties of the Argentinean economy with the United States, and modify the local financial system to strengthen the monetary instruments of the government and further access to credit for local entrepreneurs (Llach 1984). While the plan responded in an assertive way to the Argentinean economic situation, the government didn't have the social and political support that were required to implement it as its only true social basis consisted of the actors that stood to lost the most with it. The legislative changes proposed in the plan

[18] Industrial activities were by now a crucial component of the Argentinean economy. Exports of non-traditional manufactured products, for example, which had been historically negligible, represented almost 20% of all exports by 1943 (Llach 1984). This shift was accompanied by the strengthening of labor unions which had coalesced around the *Confederación General del Trabajo* formed in 1930.

[19] The opposition was not unanimous at all: by this time, part of the agrarian elite was already in favor of the development of some industries, and there was in fact direct participation from some members of such elite in the development of new industries closely linked to the processing of raw materials. Yet, the core constituents of the *SRA* did voice their manifest opposition. *More sources*

[20] Known as the "Plan Pinedo", for Federico Pinedo, the Minister of the Economy, who was responsible for drafting it.

were defeated in Congress and the government had to backtrack and implement only some of the administrative measures proposed in the plan, with very little success. Abandoned by an important part of the conservative coalition, and unable to face the challenges posed by a declining economy, Ortiz' position became increasingly untenable, a situation that was aggravated by his deteriorating health. On July 1940 he delegated powers to his vicepresident, Ramón Castillo, who would head the last conservative administration[21].

A group of top military officers created in 1940 a secret "club" called the GOU (United Officers Group), which convened regularly to discuss the political situation of the country. Its members shared their deep disagreement with the conservative administrations and sought forms to manifest such opposition. The electoral succession of 1943 seemed to present a unique opportunity to do so after the selection by the PND of Robustiano Patrón Costas, a wealthy sugar producer from the province of Salta that represented everything that the officers stood against, as presidential candidate to succeed Castillo. On June 1940 a military coup headed by General Arturo Rawson deposed the government of Castillo. The political leanings of the new government were not immediately clear, something that reflected the conflicting visions that prevailed within a military leadership that was unified against the methods that the political representatives of the landed elite had employed to hold onto power, but did not have a clear program to govern the country, with the exception of the promise to put an end to political corruption.

[21] He served as acting President until 1942 and then assumed formally the presidency when Ortiz stepped down.

During the next three years, Colonel Juan Domingo Perón, a founder of the GOU, and who had been appointed as head of the Department of Labor after the coup, carefully cultivated the support of labor unions, particularly the CGT. Perón convinced the military leadership of the need to transform the Department into a Ministry and proceeded to issue a number of statutes that provided a number of benefits for workers but also gave the Ministry the power to intervene in the resolution of labor disputes and mandated the creation of new unions, under government supervision, in sectors where there had been none. Peron's influence within the military grew steadily and shortly after he was appointed as minister of war, without abandoning his position as Secretary of Labor.

In spite of Peron's meteoric ascent, there was significant opposition within the army ranks to the active role that the Ministry of Labor was displaying with regards to workers and their disputes with employers. This sentiment was reinforced when peak business associations publicly accused the government of instigating "social agitation". An appointment that Peron had made which benefitted a family member served as pretext for his opponents within the army to act: in October 1945 Perón was arrested and removed from his position. The leadership of the CGT understood that the benefits that they had obtained in recent years were precariously sustained and would be seriously at risk if Perón left the military government. After calling for a national strike, they mobilized their ranks in a demonstration in downtown Buenos Aires that would turn out to be one of the most significant moments in Argentinean history. Approximately 300,000 thousand people flooded the plaza in front of the governmental palace, overflowing to the adjacent streets, presenting a single demand to the military leadership: the liberation of Perón. Fearing a popular revolt and the ensuing bloodshed, the military

released the Colonel and asked that he addressed the crowd to ensure that the demonstration came to a peaceful end.

Perón would come to power after the elections of 1946 with the support of the recently created Labor Party—renamed a year later as the *Partido Justicialista* (PJ)—which rested almost entirely on the support of labor unions[22]. With the organizational backing of the latter, Perón was able to implement an aggressive program of reforms that included, among other things: 1) the nationalization of banks, railways, and utility companies, 2) the creation of the Institute for the Promotion and Trade (IAPI), which centralized exports to reorient resources from the countryside to fund welfare programs and finance national industries, and 3) a massive expansion of social security, which within a few years reached coverage of around 70% of the economically active population (McGuire 1997). The realignment produced in Argentine society by these changes gave the PJ an hegemonic position in the Argentinean political system for years to come.

3.2 Agrarian reform, oil expropriation, and the forging of the Cardenista coalition in Mexico

Unlike the gradual demise of oligarchic hegemony in Argentina, Mexico's patrimonial equilibrium unraveled rather abruptly in the years after Porfirio Díaz[23] resigned the presidency following the outbreak of an armed revolt initiated in November of 1910 by Francisco I. Madero, a wealthy *hacendado* from the northern state of

[22] After labor organizations became politically integrated into the PJ, almost half of the economically active population became a member of the party.
[23] Díaz had ruled the country since 1876 and presided over the largest episode of economic expansion that the country had seen since independence. A veteran of the war against French intervention, he forced his way into the presidency soon after the death of Benito Juárez, the liberal reformer who had defeated the conservatives' attempt to impose a European protectorat in Mexico.

Coahuila. At the beginning, the conflict itself developed around the presidential succession of 1910[24], but the struggle was a reflection of greater changes experienced by the Mexican society and economy during the "Porfiriato", most of which had not until that moment been translated into similar shifts in the political arena[25]. The arrival of Madero to power did not fundamentally change this *per se*: in many ways, he represented the voice of disgruntled economic elites that had been excluded from the Porfirista ruling coalition, which had privileged foreign capital and a concentrated group of business interests. Thus, in spite of the fact that the stated *raison d'etre* of his movement was to bring "effective suffrage and no reelection"[26], the main consequence of his victory in the special election of October 1911 was the inclusion of a broader and more diverse set of economic interests into the governing coalition. Yet, in conjunction with the international conditions created after 1914, this event provided a political opening that would lead to the emergence of one of the earliest and strongest reformist attempts in the whole region.

Madero's tenure as president was short-lived: he quickly lost support from the incipient labor movement and, perhaps more importantly, from peasant leaders who had backed him expecting to receive some help from his administration in their struggle against the encroachment of haciendas on communal lands and the terrible working

[24] Madero had publicly announced that he intended to challenge the octogenarian dictator in the election of 1910 and was able to mobilize a large number of supporters. During the campaign police ordered his capture under the charge of sedition, which disqualified him for the election, and Díaz was able to get reelected for a seventh term. From exile in Texas, Madero drafted the Plan of San Luis, a call to the Mexican people to reject the results of the most recent election and take arms to depose the dictatorship of Díaz. After the movement captured the border town of Ciudad Juárez and a few other areas throughout the country, Díaz delivered his resignation to Congress in May of 1911 and left Mexico. Madero would assume the presidency a few months later after winning a special election.

[25] Some of these have already been noted, but it is worth emphasizing the

[26] Included in the Plan de San Luis as the "only two principles that could save the Republic", the phrase later became the official motto of the revolutionary movement. To this date, all official documents of the PRI, the former hegemonic party, still contain it.

conditions for rural workers in the countryside. In light of the temporal structure of the argument that this dissertation supports, it is highly significant that what seems to have tipped the balance against the Maderista government was the international opposition that it faced: the meetings between army generals to bring Madero down actually took place in the US embassy under the auspices of the ambassador, Henry Lane Wilson[27].

The coup to topple Madero and install as president the army's chief of staff, General Victoriano Huerta in February of 1913, marked the descent of the country into chaos as three different rebellions emerged almost simultaneously in the center and north of the country to oppose the army's maneuver. The complexity of the armed conflict that ensued cannot be meaningfully synthesized here, but it is crucial to consider some of its characteristics that were critical for subsequent events: first, the political and military infrastructure from the Porfirian era was virtually eliminated. Second, the relative parity between different factions meant that the resolution of the conflict required the large-scale mobilization of the lower classes. This altered significantly the organizational landscape of society: the system of hacienda with the coercive labor arrangements that it entailed were shattered and one of the most important correlates of this process was the plethora of agrarian leagues demanding land reform that emerged in the countryside,

[27] The disagreements with the US began almost immediately after Madero assumed the presidency. American companies did not see his arrival to power with much sympathy given the privileged governmental access that they had enjoyed during the Porfiriato and they put pressure on his administration to receive disproportional reparations for damages they claimed to have suffered during recurrent violent outbreaks, including those that led to Díaz' resignation. These demands were fully supported by the US ambassador, Henry Lane Wilson, who soon after became directly involved in a plot to depose Madero, assuring army officials that they could count on full support from the US. The strategy, however, ultimately backfired: the original plan was to have Félix Díaz, the former dictactor's nephew, run for president in a special election that Huerta was to convoke, but he reneged on the agreement once in office. Ambassador Wilson was recalled soon after the election of Woodrow Wilson in the US. The US never recognized Huerta's administration and in fact would not recognize any of the revolutionary governments that came after him until the late 1920s. (Katz 1981)

even if the creation of national scale groups unifying the peasants' struggle was not yet in the horizon. The strengthening of regional confederations of unions bringing together the demands of workers was also fostered by the armed conflict[28]. Finally, the revolt had an uneven effect on the economy: banking and labor-intensive agricultural production were heavily affected, industrial activities suffered a setback but growth in this sector resumed relatively quickly, and mineral extraction—including oil—was virtually unaffected (Haber et al 2003, Solís 1973).

The triumphant faction led by Venustiano Carranza, the former governor of the state of Coahuila, called elections for an Assembly that was to convene in the city of Querétaro in December of 1916 to draft a new Constitution. Even though Carranza himself was a moderate, the document that was finally approved introduced radical changes to the structure of property, workers' rights, and the regulation of disputes between capital and labor. Ownership of land, water, and mineral deposits from the subsoil was declared to correspond "originally to the nation", which could transfer it to private hands under different modalities. The exploitation of natural resources by private enterprises could only take the form of temporary concessions that could be revoked. Ownership of land was not to exceed a pre-established limit, and properties exceeding it would be expropriated and the land distributed. Unions and strikes were formally legalized, a fixed percentage of profits of every enterprise was to be distributed among workers, and a commission to set minimum wages was to be established. The Constitution also mandated the creation of "juntas de conciliación y arbitraje" (conciliation and arbitration boards) to settle capital-labor disputes.

[28] The pact between la *Casa del Obrero Mundial*—the most important labor organization of its day—and Venustiano Carranza's army to create the *Batallones Rojos* (Red batallions) was of critical importance.

As radical as it was, the approval of the Constitution itself was of little consequence in terms of institutional building: it was in the efforts to implement its provisions that this reformist attempt actually faced the challenges that would determine its ultimate success or failure as a state-building initiative. Within the revolutionary leadership, there were important differences of opinion regarding the extent to which reforms should be pushed forward and the means to do so, not to mention the fact that control over the territory was still very precarious[29]. Most of the leadership itself had only vague ideological commitments[30], but the pressure coming from the very groups that had been mobilized to earn victories in the armed conflict, particularly with regards to land reform, was impossible to ignore.

The first serious efforts to enforce the reforms came with Carranza's successor, General Álvaro Obregón, who had been the military mastermind behind the triumph of the Constitutionalist Army[31]. During the first years of his mandate, two laws aimed at jumpstarting the process of land distribution were passed[32] and nearly ten million acres of land, carefully selected to increase support for the revolutionary government in certain

[29] Even though Carranza's *Ejército Constitucionalista* (Constitutionalist Army) had defeated rival factions and held control of most of the country by the moment when the Constitution was enacted, local rebellions continued to periodically emerge well into the 1920s.
[30] There were some notable exceptions, such as
[31] Before becoming president he had developed close connections to the labor movement and contributed to the creation of the first truly national labor confederation, the "Confederación Regional Obrera Mexicana" (CROM). Having a closer sense of conditions in the countryside due to his experience in the military campaigns, he convinced Carranza of the need to support land reform as a means to gain adepts from the *agrarista* camp. (Hall 1980)
[32] These were the "Ley de Ejidos" (Law of Common Lands) and the "Ley de Tierras Ociosas" (Law of Unused Lands). In addition to the CNA, Local Agrarian Commisions were also established. Final decisions regarding land titles were to be made directly by the President. (Hall 1980). Interestingly, while members of the CROM were given high government positions, including the Ministry of Commerce, labor legislation was not enacted until the late 1920s. Another important measure that is often overlooked was the introduction in 1921 of the first income tax in the history of the country. (Middlebrook 1995)

areas of the country, were redistributed[33]. The appointment of labor leaders to high bureaucratic positions, including some cabinet members, ensured continued support from the CROM, the most important labor organization, even if the pace at which reforms in this sector were implemented was considerably slower.

The disruption of the Hacienda system and the fact that the changes enshrined in the 1917 Constitution enjoyed the support from strong popular organizations was certainly auspicious for the success of this reformist attempt, yet the obstacles were not insignificant and the backlash against it would gain strong momentum in the mid 1920s. The structure of ownership of the means of production coupled with the unevenness with which the conflict affected output and profits in different sectors meant that there was a clear divide within economic elites with regards to how to react to the measures taken by the revolutionary government. Landowners were obviously opposed to them, but the revolt stripped them from the most important means through which they could have resisted the reforms: control over the rural population[34]. Industry and mining, the other two relevant sectors[35], were almost perfectly distributed between foreign and national

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[33] This was a small figure compared to the 44 million that would later be distributed by the Cárdenas administration. Moreover, most of this land was not being actively exploited and provisions were taken to affect as little as possible the lands held by foreign citizens or companies. However, given the acute concentration of land that characterized the Porfiriato, and compared to the actions taken by most other reformist attempts in the region, this was certainly a quite radical step. From the perspective of state-building, the main challenge that the process faced were the efforts by local *caudillos* to tilt the process to their own local political benefit. To reduce the possibility of having the process controlled by local forces, delegates of the Commission appointed to the states were recruited centrally and were constantly moved around the country. (Hall 1980)

[34] Unlike the SRA in Argentina, Mexican landed elites—and economic elites in general, for that matter—lacked an umbrella organization that represented their interests. While I am not aware of a good explanation for this absence, the fact that economic activity was less concentrated geographically and production processes differed significantly between regions probably played a significant role. This would change significantly during the next few years with the creation of the *Sindicato Nacional Agrario* (National Agrarian Syndicate) in 1921 and the *Confederación de Cámaras Agrícolas y Ganaderas* (Confederation of Agricultural Chambers) in 1928.

[35] The financial sector was one of the most affected during the conflict and had to be rebuilt almost anew. See Haber et al (2003)

ownership: almost all mineral extraction was controlled by American, British, and Dutch companies, while most of the installed manufacturing capacity was in the hands of Mexican capitalists. The latter certainly disliked the radical pro-labor stance that the government was apparently taking, but they also were quick to identify the opportunities that could stem from proactive government intervention (Haber et al 2003.) In sharp contrast, oil and mining corporations were not only concerned about the effects that the new provisions would have on their interests and the possibility that the measures regarding ownership of resources from the subsoil could be retroactively implemented, but they were also alarmed at the precedent that this could establish for other countries in the region where they had operations (Meyer 1977). Thus, the main challenge to the reforms would come from the exterior.

The efforts of these companies to push back the reforms were aided by international creditors seeking to negotiate a settlement over debt that the Mexican government had defaulted during the armed conflict and lobbied strongly in Washington DC to get the US government to deny Mexico diplomatic recognition until the reforms were repealed and an agreement to pay reparations had been reached. Once the European war was over, the Department of State was able to take on fully the task of dealing with the "Mexican problem", and it moved quickly and aggressively to do so. Obregón and his successor, Plutarco Elías Calles, played their "cards" strategically to secure US recognition without giving in to all of the demands of creditors and oil companies. Nevertheless, important concessions were made[36]: a payment schedule was agreed upon

[36] Two agreements were negotiated before the conflict was "settled": the first one stemmed from the "Bucareli conferences" of 1923 under Obregón, which never went fully into effect. The second was the "Calles-Morrow" accord of 1927. It was the latter that brought the confrontation of both governments to an end and secured recognition from the US to the revolutionary government.

with creditors, the pace of land distribution was considerably reduced, and assurances were given to oil companies that the new provisions would not be retroactively enforced. There is little doubt that these agreements brought crucial aspects of the reforms to a halt, but they only partially satisfied the demands of foreign companies[37] and their effect would prove to be temporary.

Had the international conditions under which Obregón and Calles negotiated an agreement with foreign interests remained the same over the next years, it is unlikely that either them or their successors could have attempted any steps to reignite the reform program, but the consequences of the stock market crash of 1929 and the geopolitical events that served as the prelude to the outbreak of World War II reinforced the conditions that had originally enabled its emergence. Compared with the commercial interruption of 1914 and the crisis of 1921-22, the effects of the Great Depression on the Mexican economy and governmental revenue were considerably deeper[38]. Yet, it is critical to emphasize that the state transformations that would eventually ensue under the Cardenista coalition are not *directly* attributable to such conditions. Rather, it is in this context that the organizational weight of workers and peasants' associations became the crucial factor for such changes to occur.

The creation in 1929, at the initiative of Calles, of the *Partido Nacional Revolucionario* (PNR), precursor of the *PRI,* is commonly seen in Mexican historiography as a critical moment in the consolidation of the post-revolutionary regime.

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[37] Oil companies expected from the Department of State a tougher stance, including direct military intervention if it was necessary to achieve the ultimate goal of having the reforms repealed. Naturally, they were not content with an agreement that implied no legal changes at all and therefore rested fully on the willingness of Mexican leaders to uphold it.

[38] Output fell by nearly 20% while exports and governmental revenue were reduced by a little over 30%. These are my own calculations with data from Mitchell (2003) and Solís (1967).

The party brought together a large number of regional political organizations that had been created during the armed conflict, establishing the basis for the electoral dominance that it would thereafter enjoy. The importance of the party as an instrument for political mobilization can hardly be denied, but as it stood at that point, it provided not much more than a common label for its members and its potential as a medium for transforming state institutions was very limited, to say the least. The alliance of political leaders with labor and peasant organizations, which had already proven to be effective in both the armed and electoral struggles, had only a limited reflection in the make-up of policies and state agencies that could effectively change the patterns of interaction between state and society.

In the late 1920s Calles made several attempts to bring the peasants and workers' movements under the control of the PNR[39]. To do so he recurred to the leadership of the organizations that had already been close electoral allies to the revolutionary government: the CROM, whose support to Obregon and later Calles has already been discussed, and the *Liga Nacional Campesina*[40] (LNC), the largest and most powerful peasant association. In light of the right turn that the Calles administration had taken after the agreement with the US ambassador, such attempts caused a strong stir within these

[39] After the assassination of Álvaro Obregón in 1928, shortly after he had been elected to serve for a second period, Calles emerged as the *de facto* political leader of the country. He could not run in the special election of 1929 because of a constitutional restriction on reelection of the President, but he remained the most powerful political figure during the next six years—a period known in Mexican historiography as "the Maximato"—wielding vast influence over the administrations of Emilio Portes Gil (1928-1930), Pascual Ortiz Rubio (1930-1932), and Abelardo Rodríguez (1932-1934). It was not until Cárdenas openly challenged his position as "jefe máximo" with the full backing of the *agrarista* movement that his influence declined.

[40] Created in 1926, it brought together at the moment of its foundation the peasant leagues of 16 states, a number that would rapidly increase. During its first years of existence, the *Liga* developed a close relationship with the incipient communist party, but this association that was short-lived because of the possibilities opened by the land distribution process.

organizations leading to their split between collaborationist and oppositional factions, which denied the government the possibility of exerting true control over the labor and peasant movements. The crisis[41] encouraged the more adversarial factions to take a more combative stance at the same time that it increased the vulnerability of the government *vis á vis* the international community as it made it very difficult to comply with the payment schedule of foreign debt. The situation posed a strategic conundrum for the government: it could either stay course with the support of a narrower internal coalition but securing international support or attempt to secure the allegiance of the radicalized labor and peasant organizations through more rigorous enforcement of the constitutional mandate and risk a new confrontation with foreign interests.

The inclinations of Calles and his closest collaborators were much closer to the first possibility[42], something that was reflected in the efforts of the Ortiz Rubio administration to put a "final point" to the distribution of lands. The internal difficulties that this path would face became almost immediately obvious when the actions of the central government were boycotted in several states by splintered factions of the LNC with the support of *agrarista* governors. Opposition also arose within the ranks of the PNR, which up to this point did not have strong mechanisms to discipline its members.

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[41] There is disagreement between historians on the extent to which the crisis was actually responsible for this. It is true that its direct effects could not have been generalized: as Meyer (1997) and Falcón (1978) note, a large proportion of the population was not integrated in economic activities that were affected by international markets. Any unrest, according to these authors, should be attributed to political causes. Medin (1982) and Garciadiego (2006) offer a contrasting view, noting that there was a generalized rise in prices that had a major impact on the purchasing power of the population. Irrespective of the specific source, the fact is that the crisis was followed by increased unrest and the radicalization of important factions of the peasant and labor movements.

[42] In late 1929, Calles publicly manifested his view on the importance of keeping the country's good standing with the international community and voiced his preference for a less radical form of land redistribution that would not involve the restitution of communal lands (ejidos) and instead would enable the establishment of middle-sized farms with full rights over their property. (De Grammont 1991)

Ortiz Rubio resigned just two years after having assumed power in the midst of a conflict with the *jefe máximo*, and was succeded by Abelardo Rodríguez, who would try to change course in a final attempt to win back the allegiance of radicalized popular organizations.

The 1934 Presidential succession served as a means for Calles to show his renewed commitment to the *agrarista* cause through the selection of the PNR candidate to the presidency. In the dispute between Manuel Pérez Treviño, one of his most loyal allies, and Lázaro Cárdenas, the former governor of the state of Michoacán who had played a significant role in the revival of the *agrarista* movement, he decided to throw his support behind the latter. Through the maneuver, the *jefe máximo* intended to gain control of the situation and retain power behind the shadows as he had done since 1929. Cárdenas, however, understood that restoring the alliance with peasant and labor organizations required more than the gestures offered by Calles. Since its very beginning in 1934, the Cárdenas administration sided heavily with workers in almost every dispute with employers[43] and started the largest land distribution program in the history of the country.

Calles openly criticized these measures[44], causing a split within the governing coalition and debilitating Cárdenas' position. Calles' decision to attack the Cárdenas administration cannot be solely attributed to his intention to remain as the true "strongman" of the post-revolutionary regime: with it, he was overtly defending the

[43] There were 642 strikes in 1935, compared with 202 the previous year (Gilly 1986). It seems quite evident that the strikes themselves were a response to the arrival of Cárdenas to power. Of particular note for the implications it would later have, was the strike in the oil company "El Águila", a subsidiary of Royal Dutch Shell, and the largest producer of oil in the country. (Medin 1992)

[44] The most important newspapers in the capital published his "patriotic words" on June 12th 1935.

interests behind the agreements with the US ambassador that he himself had helped craft as President, which included the remaining landowning elites and, perhaps more importantly, the foreign companies of the mining sector. The resolution of the conflict entailed the expulsion from the country of Calles and some of his closest collaborators[45], a maneuver that was only possible after labor and peasant organizations had fully backed Cárdenas[46]. The dispute itself provided strong incentives for the unification of unions and leagues into single national organizations, which occurred under the *Confederación de Trabajadores Mexicanos* (CTM) and the *Confederación Nacional Campesina* (CNC). By the time these organizations formally became affiliated to the PNR in 1938[47], more than half of the Mexican adult population was an active member of the party (Meyer 1971). The formal incorporation of the CTM and the CNC to the inner structure of the regime not only cleared the political landscape of potential internal threats but also provided the Cárdenas administration with the resources to successfully defeat the last bastion of opposition to its reform program: the foreign companies of the oil enclave.

The latest episode of conflict between the oil companies and the government had to do with an ongoing strike through which the workers expected companies to agree to the signing of collective contracts and a significant increase in wages and benefits. After the companies refused, the union brought the case before the Federal Board of Conciliation and Arbitration. The Board ruled in favor of the workers in late 1937, decision that was upheld by the Supreme Court in early 1938, but the companies did not

[45] Cárdenas first purged his cabinet of Callista loyalists in the summer of 1935, but their influence persisted in Congress as well as subnationally.
[46] These organizations rallied behind Cárdenas through the *Comité Nacional de Defensa Proletaria*, an adhoc committee coordinating the support of
[47] At this point the party officially changed its name to the *Partido de la Revolución Mexicana* (PRM).

comply with either mandate. The government responded swiftly using the refusal to comply as legal justification to expropriate the companies and nationalize oil production. The timing was critical: even though both the US and British governments protested hastily the decision, the political situation in Europe had already deteriorated considerably making it very unlikely that either country would try to directly intervene to reverse the measure (Meyer 1971).

Chapter 4. Restrictive and Gradualist State-Building: Chile and Uruguay

In this chapter, I explore the state-building paths followed in Chile and Uruguay, where a restrictive and gradualist coalition was formed, respectively. It is useful to start off pointing to the major analytical differences between the coalitions formed in these two countries with respect to the populist coalition emerging in Argentina and Mexico. Of all four cases analyzed, it was in Chile where the land-owning class was able to exert the largest influence over the course of the forging of a state-building coalition, even when it had to make considerable concessions and its degree of influence gradually declined as those of the industrial and mining elites rose. Importantly, however, its better relative performance was not due only to its own economic strength—most likely surpassed by its Argentinean counterpart—but to its control of a substantial portion of the labor force, which not only provided it with electoral strength, but also starved political opponents from a critical source of support. A correlate of this is the comparative weakness of organized labor, which had strong presence in the mining regions, but was otherwise not a significant political force before the onset of the critical juncture.

In contrast, landed interests in Uruguay had already lost some ground at the expense of commercial and manufacturing elites, and had a more limited ability to politically mobilize the rural poor in a labor extensive economy. Contrary to the unified role that organized labor played in the trajectories of reform of Mexico and Argentina, in Uruguay union's had divided allegiances within the political system, which led them to play an important, but ultimately secondary role in the forging of the neo-batllista coalition.

4.1 The demise of the Parliamentary Republic and the emergence of the "Estado de Compromiso" in Chile

During the export expansion period, Chile's economy was heavily reliant on the extraction of minerals, particularly nitrate, and the production of a few agricultural products. These activities were heavily concentrated in just two areas of the country: the largest bulk of the *haciendas* responsible for agricultural production were located in the central valley around the capital city of Santiago and the most important mining centers were in the northern region, close to the border with Perú. The distribution of the population mirrored very closely these economic concentration patterns, thus facilitating the integration of a single national market. International conflicts were, as it was the case with Mexico and Argentina, also very relevant contributors to the consolidation of state centralization just before the period of export expansion in the late 19th century. In the case of Chile, while the conflict through which the country acquired its northern territory and most of its mineral riches was less relevant in terms of centralization—a process that developed almost naturally as a consequence of economic and demographic concentration—it was nevertheless also very important in terms of the role that the armed forces would play in Chilean politics in subsequent years[1].

There is no doubt that economic elites in Chile were absolutely committed to a model of development that exploited the comparative advantage that the country enjoyed in the extraction of minerals and agricultural products, but this does not mean that its

[1] The political salience of the armed forces also became manifest shortly after the conflict, when two of its branches fought against each other in a prominent dispute between President José Manuel Balmaceda, who wanted to expand the powers of the executive, and a reluctant Congress. The latter would ultimately prevail, opening way to the period known in Chilean historiography as the "Parliamentary Republic" (1891-1925).

economic elites were monolithic: they had become diversified considerably and they were dispersed in financial, commercial, and industrial sectors. What is more, the penetration of foreign interests was not as extensive compared to most other Latin American countries. The rates of growth of industrial output in the years preceding WWI were not nearly as impressive as those in Argentina and Mexico, but they were quite high nevertheless[2], particularly in comparison with the rest of the region. On the basis of this incipient development, import substitution would take its first strong impulse precisely after the breakout of the European war, when a significant amount of resources were destined to heighten manufacturing capabilities to provide the local market with products that were no longer available in the international market.

Labor markets were profoundly marked by the development of *inquilinaje,* a system tying peasants to the land, requiring that they work for a landlord in exchange for the right to cultivate marginal lands within the landlord's property. These arrangements prevailed until past the mid-twentieth century. Alongside this coercive labor mechanism in the country-side, more flexible labor markets developed in the mining and industrial sectors, and European immigration to urban centers was of considerable importance in creating salaried relations in urban centers, even if it never reached the proportions of Uruguay and Argentina. The crucial characteristic regarding the Chilean economic elite, was the fierce control that landed elites were able to exert over rural labor, which would give them formidable political leverage during the first half of the twentieth century both because it delayed considerably the political mobilization of rural workers and also because such control provided them with a great degree of influence in the electoral

[2] Actual industrial output is somewhat difficult to estimate for this years, but indirect indicators suggest a rate of increase of about 4% per annum (see Gomez Galvarriato and Williamson 2009).

arena. These political advantages gave landed elites a veto position over almost any major economic, political or administrative reform. Yet, as powerful as they were, rising economic elites from other sectors of the economy challenged their hegemonic position ever since their emergence, which explains why their position throughout the period during which reforming coalitions were formed was one of pivotal influence—substantive changes always required some form of compromise with them—but not of absolute control.

The patrimonial oligarchic equilibrium in Chile faced its declining crisis directly after the outbreak of WWI, which opened the way for the reformist attempts that emerged in the late 1920s and early 1930s under the pressure of military officials who exploited the problems that the civilian governments were facing as a consequence of the economic woes of the time as an opportunity to step up their demands for reform. The military took direct control of the government after the Alessandri administration failed to implement any significant reforms and Colonel Ibañez del Campo assumed full powers. In search for social support for their reform program, the officialdom made unsuccessful attempts to forge an alliance with the working class, prompting a strong and coordinated opposition from almost the full spectrum of economic elites. In arriving to a compromise solution that would not involve the central state meddling on rural affairs but would allow its professionalization and a more active role in industrializing the economy, reformers were able to obtain crucial resources from economic elites and the middle class. The exclusionary logic of the coalition that they crafted would pit them against popular sectors after they were fully mobilized politically, which would further enable cooperation between state leaders and economic elites.

The so-called "Parliamentary Republic" that emerged after the conflict between President José Manuel Balmaceda and Congress[3] was solved decisively in favor of the latter in August 1891 and lasted until the early 1920s was one of the most refined instances of patrimonial domination in the region during the export expansion period. Members of Congress were themselves members of the exporting elite—either part of the nitrate companies of the north or *estancieros* from the central region—or were tightly connected to it. Their control over congressional seats was the product of their ability to mobilize votes through coercive means in the countryside and patronage networks around the mining centers and cities. The resources that accrued to the state from the mining economy were "recycled" into this system, through the budgetary distribution of tax proceeds. These mechanisms of patrimonial reproduction were already in relative decline by the 1910s as the urbanization of the country started loosening the grip that oligarchic parties exerted over their clienteles and new parties with a new social base were successfully challenging the dominance of the old *Conservador* and *Liberal* parties.

The disruption of trade in 1914 rapidly accelerated this process. The development of artificial substitutes for nitrates in 1913 and the lack of access to European markets after the outbreak of the war brought to an end the near monopoly that Chile enjoyed in this market in the course of a few years (Monteón 1982). The fiscal effect of this decline was significant, causing a 23% reduction in governmental revenue from 1913 to 1914. The fact that after this point and until the early 1930s the prices of Chilean exports became very volatile provided another source of disruption with rippling effects through

[3] The conflict itself arouse as a consequence of Balmaceda's attempt to use the proceeds of taxes imposed on extractive activities, which had become a crucial component of Chile's economy after the War of the Pacific, to finance public infrastructure, schooling, and the upgrading of equipment for the armed forces (Ramírez Nicochea 1958).

the political system. Even when these severe fluctuations were quite obviously of external origin, they prompted the reaction of two social actors that would be critical for the development of state reform projects in the country, most of the time occupying opposite sides in their political struggles: organized labor[4] and the armed forces.

During the 1920 presidential elections, popular discontent was electorally exploited by Arturo Alessandri, the candidate of the Liberal Alliance[5], whose campaign denounced the corruption of the parliamentary arrangement, praised the values of the popular classes, and pledged to seek approval of "advanced" social legislation to deal with the effects of the crisis. Once in office, however, his legislative initiatives succumbed to opposition in Congress, where his supporters did not have a majority. Army officials became increasingly vocal about their aversion to oligarchic methods of political domination and even expressed sympathy for some of the workers' demands. On September 1924, a group of army officers marched to Congress to express their support to Alessandri's reformist initiatives[6], which finally compelled his opponents to enact them[7]. The significance of this event can hardly be overstated, as it was just the first of a number of acts that would transform the army into the most significant political actor during the following years and serve as prelude for the role that it played decades later during the political crisis of 1973.

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[4] The years of 1918 and 1919 would see a dramatic rise of labor unrest, most of it coordinated by the Federación Obrera de Chile (FOCH). In particular, the *marchas del hambre* (hunger strikes) of 1919 were a significant show of force, perhaps reaching 100,000 people (Rodriguez Terrazas 2001), that left a strong imprint in the political dynamics of the country for the next few years.

[5] A coalition of parties that gravitated around the Radical Party, one of the main political beneficiaries of the erosion of the oligarchic pact.

[6] The event came to be known as the *ruido de sables* (saber-rattling) protest. Upon leaving the congressional building at the request of the Defense Minister officers clashed their swords against the marbled floor, making sure that their position was "heard".

[7] It included an eight hour day, elimination of child labor, legalization of unions, collective bargaining, and the establishment of employer-labor conciliation and arbitrage boards.

In 1925 Alessandri called for the approval of a new Constitution that would provide broader powers for the executive and severely constrain those of Congress[8]. The document was written by an appointed commission and enacted after it received overwhelming support in a subsequent plebiscite. On the basis of this new institutional framework, state reform would experience a stronger impulse in 1927, under the government of colonel Ibañez del Campo, who issued several decrees to professionalize and rationalize the work of the public administration as a whole. While the reforms created several new agencies[9], the modification that had the most durable effect over the public sector was the Comptroller's office commission to reorganize every existing ministry and establish new rules for the recruitment and promotion of personnel (Silva 2009). Much less effective were Ibañez attempts to organize labor under state sanctioned unions, a measure that antagonized existing organizations and would ultimately make of labor a bastion of opposition to Ibañez' administration.

Even though the Ibañez reforms responded to increased dissatisfaction from different sectors of Chilean society with the political system, it cannot be said that they were in any sense the product of an alliance with significant social actors, and it soon became clear that their true underpinnings lied on little more than the position of force provided by the army. Very telling in this regard is the failure to significantly increase the

[8] This occurred after a brief interlude during which he went into exile. Feeling trapped by the demands of military officials, Alessandri resigned, causing a political crisis of considerable proportions. Within the army, there was a split between senior officers, who opposed the direct control of government by the military, and younger officers, who were eager to head the "national reorganization" that they regarded as necessary. Oligarchic elites, for their part, sought to take advantage of their connections with senior officers to return the country to political "normalcy" through an election favoring Ladislao Errázuriz, a member of the Conservative Party. The stalemate came to an end only after army officers asked Alessandri to return to power.

[9] Among others, a new Treasury, the Institute for Industrial Credit, the Superintendy of Insurance, the Chilean Nitrate Corporation, two development banks (*Crédito Agrario and Crédito Minero)* and the Comptroller's Office. (Silva 2009)

direct sources of revenue of the Chilean state in spite of the fact that a new income tax along with a more competent revenue service were already in place[10]. This structural shortcoming helps understand the rapid fall of Ibañez after the 1929 depression, when Chile's treasury faced again a catastrophic loss of fiscal resources. But even when the political impetus for the survival of these changes over the long run was not yet present, they would serve as the basis over which the reformist coalition that emerged in 1938 would establish the *Estado de Compromiso*.

After Ibañez fall, an attempt at conservative restoration came with the election, for the second time, of Arturo Alessandri in 1932, who now counted with the support of the *Conservadores* and *Liberales*, the traditional parties whose "corruption and decadence" he so vehemently had denounced in the past. An additional source of support, closely connected to the social strata from which these parties recruited their ranks, was given by the *Milicia Republicana*, a fifty thousand members strong civilian armed force created to discourage further involvement of the military in politics[11] (Correa Sutil 2005). The broader significance of the second Alessandri administration was given not so much by its capacity to reconstitute an anachronistic coalition that would afterwards fail to win another presidential election, but by the fact that it committed landed elites to exert their influence through the parties over which they had control—owing to their capacity to electorally mobilize the reservoir of rural labor still connected to the *estancias* in the

[10] The proportion of revenue stemming from direct sources was approximately 17% on 1926, the year before Ibañez del Campo took office and reforms were introduced. That proportion had moved up slightly, to 19% by 1931, the year he resigned. After his resignation that number fell every year until 1938. These numbers were calculated using data from Mitchell (2007).

[11] The force did not have official state sanction, but it was certainly encouraged by the Alessandri administration. It was disbanded in 1936, after it was deemed that its main goals had been achieved (Maldonado 1988).

central region of the country—which would open the way to their engagement with other social forces represented in Congress. By the same token, the relative economic decline of these elites and the gradual reduction of the fraction of the electorate that they were able to mobilize made it unlikely that they could remain the vital component of future coalitions.

The triumph of the coalition headed by Pedro Aguirre Cerda of the Partido Radical in 1938 marks the convergence of the social forces that would reignite the reform program initiated by Ibañez del Campo, and provide stability to Chilean politics over the next 35 years. At its core, the coalition was based on the support provided by the emerging industrial bourgeoisie, which had grown steadily since the early 1920s, as well as the urban middle classes. The expansion of the state's intervention in the economy, particularly through the *Corporación de Fomento de la Producción* (CORFO), a developmentalist agency entrusted with the mission of diversifying the industrial base of the country, attests to this. Surrounding this core was the tacit cooperation of landed elites with this developmentalist strategy after two crucial pieces of legislation were approved in the forties: law 8811 explicitly limiting rural unionization, and law 8987, proscribing the communist party[12]. The enactment of these reforms, which should be regarded as an integral component of the coalitions' state-building efforts, drastically modified the attitude of organized labor towards the coalition itself—passing from moderate support in the late 1930s to active opposition afterwards—and also the way it regarded the political system as a whole. The net result was the creation of a limited, but technically competent bureaucratic apparatus.

[12] The most thorough analysis of the establishment of this legal framework and its consequences for Chilean democracy is provided by Gomez Leytón (2004).

4.2 Gradualist coalition: Partisan Brokered Reform in Uruguay

An important point to consider when analyzing the development of Uruguay during the period of export expansion is that it experienced, perhaps as no other case in this study, a rather dramatic change between its colonial and post-colonial political and economic status. It basically went from being a backward and remote peripheral colonial outpost to becoming an agricultural export powerhouse by the end of the 19th century[13]. This meteoric ascent was at least partially facilitated precisely by the fact that, being relatively isolated, the obstacles to reorient resources towards the creation of export economies were comparatively minor: in neither country was there any strong actor—either a landed gentry, a catholic order, or a substantially large number of indigenous settlements—committed to the survival of colonial institutions that could significantly oppose this transformation. Thus, in contrast to most countries of the region where the process of national affirmation and state consolidation was a contentious one, frequently involving civil wars and international conflict, in this case it was almost a byproduct of export expansion, which in many respects could be said "created" the country.

Prior to the opening of the critical juncture, the Uruguayan case was characterized by: 1) the diversification of their economic elites through the development of financial intermediary services[14] which were crucial for the rapid development of their respective

[13] By 1890 these two countries had the highest rate of exports per head out of the sixteen being considered in this study (Bulmer-Thomas 2003), a feat that is all the more impressive if one considers that these are two of the smallest countries by area in the whole region. An interesting analysis on the economic consequences of peripheral colonial status for the long-run economic trajectories of these countries is provided by Mahoney (2010).

[14] The banking and commercial services that were established in San José and Montevideo, the respective capitals of these countries, were not only important for the growth of these two economies, these cities also

export economies[15], and also manufacturing having made strong inroads in Montevideo due, in no small measure, to the role played by European migration, 2) the development of labor markets that were almost completely devoid of coercive relations, allowing for the early political mobilization of both urban and rural workers, and 3) the development of strong political parties that structured political competition and eventually provided the organizational basis for state reform.

Uruguay is the only case in the region where a reformist attempt emerged *before* the opening of the critical juncture in 1914, something that would seem contradictory with the notion that it was the change in international conditions starting in the mid 1910s what enabled such initiatives. Notwithstanding the peculiarities of Batlle himself as a political figure, which are often invoked in historical accounts to explain the unusual character of this reformist episode and its effects in the subsequent political development of the country, there are certain structural factors that help to understand why this inconsistency is only apparent and the emergence of the reformist attempt in 1911 as well as the strong reaction that it faced after 1916 are fully compatible with the causal structure of the argument advanced in this dissertation.

The *Batllista* reforms included labor legislation to limit work to eight hours a day, a limited program of nationalization, tariff protection for a fledgling manufacturing sector, and the creation of several "Institutes" (*Institutos*) to assist the development of new economic activities (Caetano 1992). As it has been already mentioned, the success of

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became important supranational commercial and financial hubs, allowing for the development of a strong merchant class.

[15] The distinctive geographies of these two countries help understand the specific products in which their economies specialized: coffee and bananas in the mountainous terrain of Costa Rica, wool, meat, and their derivatives in the plains of Uruguay, amenable for intensive livestock breeding.

the export expansion model in the Uruguayan case did not rely directly on either the presence of strong coercive mechanisms in the labor market, the displacement of peoples for the occupation of land, or a strong repressive apparatus to contain organized workers. In most other countries, the tight control that exporting elites and their foreign allies had exerted over public institutions was intended precisely to ensure that the state performed these tasks effectively. The fact that economic elites or foreign interests did not demand these type of intervention from the state in the case of Uruguay does not mean that their influence over governmental decision making was any less extensive [16], but it certainly suggests that they were less likely to mobilize against a reform agenda that did not put fundamentally at risk the policy areas that they cared about the most, such as taxes and infrastructure, particularly when such reforms had not been the result of popular pressure and they were introduced in the context of great economic expansion[17].

These relatively auspicious conditions changed drastically with the outbreak of the war in 1914. While the effects of the European conflict on the Uruguayan economy were not as profound as those witnessed in other countries[18], the change in conditions in the international market modified considerably the perception that exporting elites had of the Batlle reforms. The creation in 1915 of the *Federación Rural del Uruguay* (FRU) with the express purpose to oppose what producers called the government's

[16] A famous quote attributed to President Julio Herrera y Obes (1890-1894) is quite eloquent in this respect. After being asked by a close friend what it was like to be the President of Uruguay, he allegedly answered "like being the manager of a large company whose governing body is in London" (*es como ser gerente de una gran empresa cuyo directorio está en Londres*). The quote comes from Barram and Nahum (1979).
[17] At the moment in which they were approved, the main opposition to these reforms came from British companies and the UK's foreign office. Agricultural producers expressed concern on the effects that a protective tariff could have on the economy and in Uruguayan relations with the exterior.
[18] The fall in the volumen of exports was close to 30%, but an appreciation of the main Uruguayan export products caused the reduction in value to be closer to 13%, almost the same fall experienced in governmental revenue, which was of 12.5% (Finch 1981, Mitchell 2007).

"restlessness" (*inquietismo*), substituting the more traditional *Asociación Rural*, which had historically declined to actively participate in politics, was the first coordinated effort to revert the reforms. It did not take long for the Federation to achieve an important degree of success: the government called for the election of a constituent assembly in 1916, aiming at formalizing its reformist agenda and introducing a political innovation that would create a collegiate executive. The FRU mobilized its ranks in favor of candidates of the *Blanco* party, the historical rival of Batlle's *Colorado* party, contributing to its electoral defeat. Following the election, President Feliciano Viera announced a halt to the reforms and a more "prudent" administration of governmental resources (Barram and Nahum 1979). The new Constitution promulgated in 1919 included only some of the changes proposed by Batlle, rejecting his idea of having multi-member council as head of government. More importantly, the results empowered landed elites to keep pressing for a scaling back of reforms that were already in place. The FRU and other entrepreneurial chambers had not only succeeded in influencing government policy, but they had also become embedded with it through their participation in multiple councils designed to provide advisory to decision makers[19] (Caetano 1992).

At this point in time, the *Batllista* faction within the Colorado Party did not have any way to circumvent the blockade created by the successful political mobilization of landed elites to try to push forward again with its reform program because it simply lacked enough resources to oppose it. Labor mobilization until the 1920s had traversed a parallel route to the evolution of *Batllismo*, developing relatively strong unions that had achieved important gains in the marketplace without actively participating in politics.

[19] The influence of conservative groups was so pervasive that the years from 1916 to 1929 have come to be known as the *República Conservadora* period in Uruguayan historiography.

While union ranks may have had sympathies for the *Colorado* party, workers did not support it *en masse*, either electorally or in the streets. What is more, by 1930 membership was divided between three different organizations of workers[20], making it difficult to bring the labor movement to support a new reformist impulse. Among the economic elite, the industrial sector certainly stood to benefit from the protectionist measures implemented by Batlle, but the electoral defeat of *Batllismo* after 1916 did not bring the removal of such measures[21], which is probably why representatives of this sector did not object to the halt of the rest of the *Batllista* reforms. What is more, through coordinated efforts with the FRU, the *Unión Industrial del Uruguay* (UIU) had been able to pressure the government to adopt a more repressive stance against labor unions[22].

The breakthrough came in three stages: first with an agreement between the *Colorado* and *Blanco* parties to approve new reforms, later with a realignment of the position of the labor movement towards parties and the government, and finally with the collaboration of the industrial sector to deepen the substitutive import model. The agreement between parties owed much to the consequences of the 1929 stock market crash, as it was the need to devise solutions to face the challenges posed by the crisis what motivated their rapprochement[23]. At the same time, however, the agreement also

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[20] The *Federación Obrera Regional Uruguaya* (FORU) founded in 1905, the *Unión Sindical Uruguaya* (USU) of 1923, and the Confederación General del Trabajo del Uruguay (CGTU) of 1929. Each of them attempted unsuccesfully to unify the labor movement (Porrini 2002).

[21] It is indeed intriguing that tariffs were not eliminated, but this may have been due to the fact that the fledgling industrial sector, producing textiles and other basic consumer goods, had backward linkages to the agricultural sector (see Beretta Curi 2001).

[22] The most notable episodes were the strikes of the port workers in 1917, the general strike organized by FORU in 1918, and the strike of railworkers in 1922, all of which were declared illegal and dissolved by police in some instances with the assistance of the military (Porrini 2005, Notaro 2011).

[23] Perhaps it would be more precise to say that it was in response to the local *political* consequences of the crisis: fearing the possibility of having new reforms introduced in the context of economic duress, the FRU and the UIU created the *Comité Nacional de Vigilancia Económica* (CNVE) to "oversee" political developments and tighten their influence over the decision making process (Caetano and Jacob 1991).

reflected the recognition by party leaders of the capacities within their own organizations and the possibilities that collaboration gave them vis-á-vis other social actors.

Through the so-called *Pacto del Chinchulín* of 1931, the *Nacionalista Independiente* faction of the Blanco party agreed to form an alliance with the *Batllistas* to introduce new taxes and create the state oil and public telephone companies (ANCAP and UTE). In exchange for their support, *Batllistas* agreed to establish a "coparticipation" procedure to appoint members of the governing bodies of all *entes autónomos* (autonomous bodies) established in the Constitution through a formula that gave the Colorado Party two thirds of the appointments and reserved one third for the Blancos (Finch 1971, Lanzaro 2012). The arrangement not only served as a means to move the reformist agenda forward, but also to counterbalance the positions that entrepreneurial organizations had become prone to occupy within the bureaucratic apparatus[24].

The heightened activism of the FU and the UIU and its consequences on the relationship between capital and labor had important effects on the traditional position that unions had historically sustained towards parties and the government, making them more eager to get directly involved in the political process and mobilize to demand the enforcement of labor laws, support the approval of legislative projects, and help the electoral fortunes of candidates that were sympathetic to their cause (Jacob 1983, Porrini 2005). This tendency was accompanied by two additional developments: 1) the

[24] The attempt to wrest control of these entities away from business interests, particularly the FRU, seemed to face an important challenge in 1933, when President Gabriel Terra suspended political liberties and dissolved Congress in an apparent effort to revert the effects of the Chinchulín pact. However, while Terra reacted favorably to demands to control labor mobilization more effectively and to reduce property taxes in the countryside (Bertino et al 2001), the substantive aspects of the pact—"coparticipación" and the creation of state companies in strategic sectors of the economy—were actually deepened during his administration (Rodríguez Weber and Thorpe 2014).

successful efforts of unification of the labor movement under a single organization, which finally occurred in the early 1940s when the *Unión General de Trabajadores* (UGT) was founded, and 2) a significant increase in the number of workers that the unions represented as a consequence of rapid industrial growth during the 1930s[25]. As it occurred elsewhere in the region, at first this was a consequence of the protectionist turn taken by core economies after the 1929 stock market crash, but since the mid 1930s the growth of industrial output was also a response of the introduction of differential currency exchange rates aimed at redistributing resources from agricultural exports towards the development of national industry[26] (Millot and Silva 1973).

In the early 1940s a new generation of *Batllista* leaders would take advantage of the propitious environment that these developments created to enlist the support from parties, labor leaders, and industrial elites to deepen the trajectory of institutional change that had been initiated almost thirty years before. The most significant initiative was as the creation in 1943 of the *Consejos de Salarios* (wage councils), a centralized collective bargaining framework with a tripartite structure bringing together government, industry, and labor to determine wages by employment category. Along with the establishment in 1941 of the *Contralor de Exportaciones e Importaciones* (Exports and Imports Comptroller Office), and a pro-industry credit policy from the Central Bank[27], the wage councils complemented a complex set of mechanisms through which the state became

[25] The manufacturing sector grew at a yearly rate of approximately 6% from 1930 to 1955 (Bértola 1991).
[26] Exchange rate policies came on top of the tariff protection that some sectors of industry had enjoyed since the first *Batllista* reforms. The former became progressively much more important as providers of stimulus for industrial development.
[27] The *Contralor's* office imposed import controls and administered differential exchange rates to secure the availability of inputs for industry. A significant portion of the resources obtained by the *Contralor* were regularly made available to the Central Bank, which then channeled them to the industrial sector via the credit system.

deeply involved in the productive process. While the "coparticipation" measures that were introduced during the early 1930s had already given state agencies an important degree of autonomy with respect to influential social actors, the *neobattlista* reforms of the 1940s provided them with heightened extractive, regulatory, and redistributive capacities.

Chapter 5. The Paths that Were Not: Failed Reform Attempts and the Closing Effects of the Cold War

The interwar period provided exceptional conditions for reformist attempts to emerge, but only where reformers succeeded early in forming a coalition to support structural changes to state institutions did a path out of patrimonialism take hold. The pressures product of the Cold War worked to preserve and even deepen the changes that had been introduced by state reforming coalitions because of the organizational advantages that such changes provided both in the internal political struggle and in their relationship to the United States and other western powers aiming to curtail the influence of the Soviet Union in the region. The previous chapters have delved extensively into the unfolding of three prominent state-building trajectories, all of which conformed to this pattern. However, what was provided in those chapters was evidence for the positive portion of the argument: why state reforming coalitions were able to succeed in three pairs of Latin American countries in spite of the considerable opposition that they faced and how the new international conditions after the onset of the Cold War enabled the emergence of mechanisms of reproduction that extended the legacies of state reform over time. What is still lacking is comparative evidence to support the opposite implications of the argument: why did state reform projects fail during the critical juncture in a large number of countries were reform was attempted and why was it so difficult to form new reforming coalitions in those countries once the Cold War had modified once again the terms of the relationship between Western powers and the Latin American region, even when social support for such coalitions had locally emerged.

As it was previously argued, the interwar period saw the appearance of several reformist attempts in almost all countries of the region. Naturally, the cases where these institutional building experiments failed constitute *prima facie* instances of the first type of negative case. However, the comparative value of these cases is not equivalent to each other: the routes leading to institutional failure are arguably much more numerous than those that conduct to success. In the midst of the political instability generated by the disruption of international markets in the second decade of the 20th century and the consequent adverse economic and fiscal conditions, challenges to the oligarchic order faced different fortunes depending on the social "traction" that they could garner. Therefore, I focus on those cases where state reformers came closest to forging a successful coalition but their efforts came up short due to the lack of critical resources coming from social allies.

The chapter covers three failed state reform experiences that emerged in Colombia, Ecuador, and Guatemala, all of which occurred within the temporal frame of the critical juncture explored in Chapter 2. Before delving into the details of each case, a brief analytical summary is presented here. Among the three cases, reformist coalitions were never able to overcome the conservative backlash that brought them down after having initially succeeded in introducing a program of reform. In two instances—the *López Pumarejo reforms* in Colombia and the *Juliana revolution* in Ecuador—the defeat of the reformist coalition came at the hands of political parties that served as the organizational milieu for the defense of oligarchic interests and the permanence of patrimonial state structures. In Guatemala, the third case of failure, such role was played primordially by the military.

Crucially, in all three cases certain historical antecedents were present to facilitate the emergence of social pressure towards state reform: a relatively diversified economic elite in the case of Ecuador and Colombia, and the marketization of labor relations in Guatemala. While these historical developments certainly gave momentum to reforming coalitions, they proved insufficient to overcome the resources mobilized by their opponents. The chapter then moves on to also explore the effects of the Cold War, discussing the divergent trends that emerged between the countries where state-building coalitions had already succeeded and the rest.

5. 1 Crisis is not enough: failed reformist attempts in Guatemala, Ecuador, and Colombia

The process through which reform attempts were introduced in these cases of early failure followed a similar pattern to the one present in the six cases where state reform did actually take hold: the context of crisis generated by the disruption of trade opened the way for political changes with important transformative potential, a situation that was exploited by either political or military leaders eager to challenge the hegemony exerted by exporting elites over state institutions. The reformist agenda was not necessarily the same in all cases, but changes were generally oriented towards increasing state capabilities with regards to taxation and regulation as well as increasing the autonomy of state institutions. The changes elicited collective action efforts on the part of exporting elites to oppose measures designed to significantly reduce their influence over governmental affairs and potentially affect their sources of income. In these cases,

however, reformist coalitions were not able to overcome these coordinated efforts to suppress the reforms.

The 1921 democratic experiment in Guatemala and the defeat of Unionismo

A producer of indigo and cochineal since colonial times, during the first 50 years of independent rule the Guatemalan economy was dominated by the Conservative elite connected to the ancient *Consulado de Comercio*, a colonial institution that inherited a monopoly on the exports of Guatemala's main crops (McCreery 1976). It was not until a sharp fall in demand for dyestuffs due to the emergence of synthetic substitutes that Guatemala's elites considered alternatives to become more actively involved in the booming circuit of commerce with Western Europe (Williams 1994). The introduction of coffee crops radically changed the Guatemalan social and economic landscape, as it required the dismantling of communal forms of property and the forceful displacement of a large number of rural workers to privatize large swaths of unoccupied land. It also meant the rise of a new set of economic elites, ready to break with the colonial heritage and more open to initiate joint ventures with foreign companies willing to invest large amounts of resources both in infrastructure and the direct production of foodstuffs. Finally, it also meant the strengthening of the armed forces, as they were instrumental in the implementation of an aggressive program of land privatization aimed at opening the territory for commercial agriculture[1].

[1] The army leadership was also a direct beneficiary of the privatization process as it often recieved land in payment for its service (McCreery 1976, Williams 1994). The army thus became directly invested in the coffe-based model of export-oriented growth with important consequences for the fate of reformist attempts both during and after the critical juncture.

While the triumph of the liberal coalition that made the introduction of coffee possible was spearheaded by Justo Rufino Barrios, who led the revolt that deposed the last conservative administration of Vicente Cerna y Cerna, it was President Manuel Estrada Cabrera who oversaw most of the economic transformations of Guatemala during his 22 year long tenure as president (1898-1920). By the moment of the outbreak of WWI, the liberal coalition had ruled the country for more than forty years and the Guatemalan economy was now almost completely dependent on coffee exports, particularly to Germany. With the initiation of hostilities in Europe, Guatemala's main market became almost immediately unavailable, causing a descent of more than 35% in the value of coffee exports in a single year from 1913 to 1914 (Harris 1916). The unrest caused by deteriorating conditions in coffee farms was magnified by the effect of a series of earthquakes that devastated the capital between the end of 1917 and the beginning of 1918 (Kit 1990). Opposition to Estrada Cabrera rallied behind the *Partido Unionista*, a political party created in 1919 bringing together a mixed coalition of middle-class professionals, urban workers[2], students, and members of the Catholic Church. Significantly, the *Unionistas* only rhetorically engaged with the problems of the peasantry in the countryside and did not actively seek the political mobilization of the rural poor[3].

[2] Guatemala, being predominantly a rural economy, did not have a very large urban working class. However, the fact that urban workers were considerably better organized than the peasantry allowed them to play a crucial role in articulating the popular discontent against the Estrada regime (Kit 1990).
[3] Even if they had intended to do so, they would have faced considerable challenges, as the collective organization of rural workers was still very incipient, hampered by harsh labor laws that severely curtailed workers' rights.

The arrival to power of the *Unionista* party[4] occurred in relatively calm terms after the victory of its candidate, Carlos Herrera, in the elections of August 1920, which were called after the National Assembly impeached Estrada Cabrera declaring him unfit to serve as president due to mental health concerns. Herrera was a compromise candidate that was able to garner support from the distinct members of the very heterogenous coalition that brought him to power. Himself a wealthy sugar and coffee producer, he had ties to some of the oldest families of Guatemala which reassured the Catholic Church and the conservative faction of the *Unionista* coalition. At the same time, he was also a "man of letters" who pledged to respect the Constitution, particularly with regards to civil and political liberties, which gained him the favor of middle-class professionals of the capital. Meanwhile, urban labor and the students' movement were hopeful that the commitment of the *Unionista* leadership to constitutional principles would provide a space for them to organize, express their demands, and influence the decision making process.

The expectations of members of the *Unionista* coalition with regards to the new government ran very high, but it is clear that they were to some extent at odds with each other. One of Herrera's first measures as president of the country was to repeal several concessions that the Guatemalan government had given to the International Railways of Central America (IRCA), a subsidiary of the United Fruit Company (UFCO), which gave it a monopoly on the sole rail route to transport coffee production from the highlands to the Atlantic port of Puerto Barrios. The concession also mandated the construction of a railway to the Pacific, which IRCA had not completed by the time Herrera took office

[4] The *Unionista* label referred to the desire of party founders to ally with other Central American democratic movements and eventually restore the Central American Union, a federalist experiment that had failed in the early 19th century.

(Cardoza 1954). A number of coffee producers had complained about the prices charged by the company and growers of other types of agricultural produce had denounced the use that UFC made of the railway to drive competitors out of the market. Appealing to these violations to the terms of IRCA's concessions, Herrera's government decided to revoke them. This would be the first of a very long history of confrontations between the UFC and Guatemalan governments aiming to curtail its influence in the country. It should be pointed out that the Herrera administration was considerably more timid in its attempts to deal with other pressing issues that members of his coalition sought to resolve, such as the rights of workers or fiscal reform.

The decision to revoke the concessions was well received by coffee producers of western Guatemala, where transportation problems were most acute, but the ensuing conflict with IRCA opened an important flank of opposition to the government given the massive influence that the UFCO had on the Guatemalan economy and its ability and willingness to lobby for support from the State Department. Herrera's administration soon had to add to this problem the fall of coffee prices after the crisis of 1921-22, which reduced in 45% the value of exports within a single year (Kit 1989). As coffee producers scrambled to avoid bankruptcy, numerous *Unionista* clubs headed by aggrieved peasants emerged in the countryside, pledging support to the government as a means to seek solution for their demands, including changes to the labor code and restitution of lands to indigenous communities. Rural mobilization alarmed many members of the *Unionista* coalition, none of which had the intention to promote an agrarian revolt with race/cast overtones. The army followed suit and demanded Herrera's resignation, which was soon after conceded.

General José María Orellana, a member of the junta that assumed power after Herrera was deposed, won the special presidential election of February 1922, in which he ran unopposed. For a moment it seemed as if the democratic liberties that the country enjoyed in the period leading to the triumph of Herrera and during his brief tenure as President had been only a short interruption of traditional rule that had come quickly to an end. However, the forces that the *Unionista* experiment unleashed were not easy to contain, particularly in the countryside, and the conflicts that troubled the Herrera administration remained unresolved for the most part. Seeking to secure recognition and support from the US, the Orellana administration moved quickly to restore the concessions to IRCA, which inevitably damaged his position domestically as this had long been a contentious issue with domestic coffee growers, and ignited a strong nationalist reaction among *Unionistas*. The government backtracked and included new obligations for IRCA in the concession, including the completion of pending routes and the opening of a port in the Pacific, which temporarily solved the conflict. The following years, however, were characterized by heightened labor militancy affecting the core of UFCO's operation in the country[5], gradually spreading to the coffee plantations. Rural unrest coupled with labor militancy disrupting the major foreign investor in the country contributed to the realignment of interests between the UFCO conglomerate, coffee planters, and the military, as they all perceived that organized labor was already a mighty adversary whose control required their concerted action. This opened way to the dictatorship of General Jorge Ubico, an experienced man of arms that had already dealt

[5] Among the most important conflicts were the 1923 stevedores' strike in Puerto Barrios, which paralyzed all maritime traffic and the 1924 rail workers strike, which also brought rail operations to a halt (Dosal 1993).

expeditiously with rural unrest as *Jefe Político* of the Alta Verapaz department, who received the full support of this triad of actors. The following decade was marked by the complete elimination of political liberties and the brutal repression of both rural and urban labor.

The whole episode of experimental democracy inaugurated in the early 1920's, including the premature resignation of Carlos Herrera shortly after he assumed power as well as the immediate aftermath marked by contentious episodes of mass mobilization, bears striking resemblance with the events following the election of Francisco I. Madero in Mexico in 1911. In both cases moderate members of the elite arrived to power after pledging to rein in the authoritarian excesses of their predecessors, without aiming to change fundamentally the social and economic basis of political power. Without critical support from strong societal actors, however, these leaders would eventually succumb to the conflict that they had helped unleash, somewhat inadvertently, between newly mobilized social forces and the supporters of the patrimonial equilibrium. The crucial differences in the aftermath of both episodes were two: 1) the absence, in the case of Guatemala, of political and economic entrepreneurs willing to exploit rural mobilization to challenge the hegemony of coffee planters and foreign interests, and 2) the tight connections linking the coffee elite and military officers, which greatly facilitated the restoration of the coalition sustaining the patrimonial equilibrium in Guatemala.

Conservatism, Nationalism, and the "Revolución Juliana" in Ecuador

In contrast to the Guatemalan experience, where liberal elites were able to fully integrate the economy to the circuit of commerce with the industrializing countries of Western Europe and North America, the Ecuadorian liberal experience was less

"complete" in the sense that only the coastal region of the country became heavily invested in the export of agricultural products, with cocoa being the one commodity that played a predominant role, and the port of Guayaquil the city that concentrated most of the commercial and financial activities connected to export activities. After 1895, the growing affluence of coastal elites, combined with increased migration from the interior, allowed them to build an extensive electoral machine through which they were able to exert a certain degree of political control over the country, but a process of national integration under their leadership, as the one liberal elites successfully completed in many other Latin American countries at the time, was out of their reach. In the highlands, in contrast, the power of the colonial institutions established in Quito and its surroundings remained very much in place supported by a landed gentry class that had effectively resisted attempts from coastal elites to centralize authority, retaining the support of the Catholic Church and of the *pueblos* that opposed the privatization of communal lands protected by inherited colonial arrangements (Maiguascha and North 1991, Quintero 1983).

The fragile control that coastal elites had painstakingly forged during the first two decades of the 20th century faced an acute challenge when the outbreak of war in Europe, a severe fall in prices due to increased production in West Africa, and the spread of a fungus infection almost destroyed the cocoa industry in the late 1910s and early 1920s[6] (Thorp 1998). The first signs of instability came with a general strike in 1922 that completely paralyzed Guayaquil, leaving the city with virtually no services as employees from the transportation, electricity, and gas companies all joined the work stoppage. Riots

[6] In 1921, the worst year of this three-pronged crisis, the value of cocoa exports experienced a dramatic fall of 65% (Henderson 1997).

and looting ensued, which prompted the provincial governor, Jorge Pareja, to ask the local garrison of the army to intervene. The strike ended with a brutal massacre when soldiers, heavily outnumbered, opened fire against demonstrators, killing at least 300 of them (Pineo 1988).

The event caused great stir among young officers of the army, who were in profound disagreement with the role that the armed forces were being called to play in the context of a seemingly unending economic crisis[7] that was, in their eyes, at least partially caused by the very elites that were demanding their action. On the other hand, *serrana* elites in Quito recognized in the crisis a political opportunity to wrestle back some of the power that they had been steadily losing to coastal elites. What is more, while the *Quiteño* landed gentry had been for the most part disconnected from the circuit of international trade, it had made important inroads into manufacturing, particularly of textiles (Maiguascha and North 1991). This made for a peculiar convergence of interests between two groups that in many respects were opposite to each other: an old, very conservative elite that had resisted the pressures of the "modernizing" liberal establishment of Guayaquil along with a group of army officers who saw in the oligarchic elites of the coast the true enemy to the modernization of the country that they were seeking. What united them were their nationalist inclinations, which were translated, among other things, on their mutual desire to break with the organic links that the Ecuadoran economy had developed with foreign capital and limit the dependency of the country's economic growth on the export of foodstuffs. It is in this context that a "junior officer" revolution akin to the one that emerged in Brazil and Chile broke out. The

[7] The crisis was worsened by inflation which the government was unable to control due to the almost complete absence of monetary instruments at its disposal (North 2004)

Revolución Juliana took power in July 9, 1925, installing a *Junta* of 8 notables, two of them generals and the rest civilians from the *Quiteño* elite (Paz and Cepeda 2002).

The reform program had three components: 1) monetary and fiscal changes that included the creation of a Central Bank, the introduction of tight regulation of the financial sector, the centralization of tax collection, and the creation of a progressive income tax; 2) targeted tariff protection for the textile industry, and the creation of a Ministry of Social Prevision that would implement changes to labor legislation[8] (Henderson, 1997, Paz and Cepeda 2002, Quintero 1980). The first two, in particular, were aimed at achieving both the modernizing aspirations of the army and the *Quiteño's* elite goal of curbing the influence of their coastal rivals. Once these measures were in place, the *Junta* named Isidro Ayora, a renowned doctor from Quito, as provisional President, and called for the election of an Assembly that would draft a Constitution. The promulgation of the Constitution and subsequent election of Ayora as President in 1929 seemed to complete the institutional edifice of the revolution.

Only two years later, however, President Ayora had to resign in the midst of grave disturbances caused partially by a new fall in the value of Ecuadoran exports due to the effects of the great depression. Yet, the social upheaval was also a byproduct of changes that the *Revolución Juliana* brought to the highlands, particularly with respect to the resolution of land disputes between indigenous communities, emboldened by the new legislation, and the landed gentry (Coronel 2011). The alliance between nationalist army officers and the *Quiteño* elite was shattered by the transformation of social relations in

[8] It must be noted that these changes were considerably limited: they were connected to the duration of the workday, the nature of contracts, and protection for vulnerable population. Perhaps the most important change was the creation of specialized courts to resolve land and labor conflicts (Coronel 2011).

the highlands and the trajectories of the political influence of these two actors would starkly diverge afterwards: the army would ultimately pay a high price for its direct involvement in politics during this period becoming greatly marginalized, while the *Quiteño* elite would end up striking a bargain of mutual co-existence with coastal elites that would extend the life of patrimonial state institutions under *Velasquismo*[9].

The comparative significance of the *Revolución Juliana* should be readily apparent: similar to the trajectories of change in Brazil and Chile, a fraction of the Ecuadoran economic elite supported a reformist project spearheaded by army leaders seeking to modernize state institutions. Unlike Brazil and Chile, however, the army in Ecuador faced two major obstacles to implement a reform program that could be sustained over time: first, its own limited organizational capacities that limited the extent to which they could form the basis of a competent bureaucracy such as the one created by the *Contraloría* in Chile during the Ibañez del Campo period or by the DASP in Brazil under Vargas. Second, and closely connected, the highly fragmented nature of existing institutions meant that the reforms were limited in their territorial reach, hardly altering conditions in the regions historically controlled by the coastal elites. This fragmentation also posed great challenges to the development of a local market for the industries that received tariff protection under the auspices of the *Junta* and later during the Ayora's administration. Lacking this market and in the context of growing protectionism in

[9] The most thoroughly detailed analysis of the links between *Velasquismo* and the landed gentry of the highlands is provided by Quintero (1983). The term "Velasquismo" refers to the rule of José María Velasco Ibarra, who was probably the most influential political figure of Ecuador in the 20th century, occupying five times the Presidential office between 1934 and 1972.

surrounding countries[10], significant industrial development would never take off. The possibilities of reconfiguring a reformist coalition when conditions were more propitious—after the effects of the crisis had receded—were thus severely hampered: there was neither an institutional locus from which state reformers could launch such an initiative and there was no strong social ally whose future survival or even success could depend on it.

The López Pumarejo reforms in Colombia

The Colombian case, much as the Ecuadorian one, shows the long-term deleterious consequences on state-building of an incomplete process of territorial integration with the corresponding abse nce of a national market and the limited development of an export economy. By the time of the breakout of WWI, Colombia had the lowest per capita level of exports of the entire region (Villar and Esguerra 2007), a feeble labor movement (Osterling 1989, Collier and Collier 1991), and a weak army (López-Alves 2000). The country did have, however, two strong and well-established parties that electorally mobilized a comparatively high percentage of the Colombian population and a relatively diversified economic elite which came about on the basis of regional differences. Why is it that relative economic diversification and strong parties did not lead to state-reform either on a populist or gradualist direction? The Colombian case sheds light on the importance of the organizational strength of social allies as a *political* requisite for state reform.

[10] Some of the textiles being produced in the factories and shops that were established in the *Sierra* region were exported to Colombia until 1931, when reciprocal tariffs were applied to Ecuadoran exports (Quintero 1983).

The comparative backwardness of the Colombian economy by the second decade of the 20th century can be traced back to a stalemate in a long-standing conflict between Liberals and Conservatives, which did not come to an end until the final years of the period of export expansion (Ocampo 1984). As in Ecuador, the struggle between these two political groups, prototypical of 19th century Latin America, was not decisively solved in favor of one of the two and periodic violent confrontations between them recurred until the early 20th century. The protracted nature of the conflict and the reliance of regional elites on local governments to secure basic protection to their interests resulted in an extremely fragmented political economy (Palacios 1980), which constituted a poor milieu for the formation of a potential state reforming coalition, even in the presence of some other propitious conditions.

In direct contrast with most countries in the region, the Conservative party formally ruled Colombia during most of the period of export expansion, coming to power after the military defeat in 1884 of a brief Liberal experiment with federalism with the introduction of the 1863 Constitution, and retaining the highest executive office until 1930. The very nature of the political project of the conservative elite, with its ambivalence towards free trade, the preservation of traditional guilds, and land-holding patterns inherited from the colonial period, along with the aforementioned confrontation with Liberals, conspired against the country's ability to reap the benefits from the high-demand of commodities from the North Atlantic economies (Bergquist 1986). The period is known in Colombian historiography as that of "Conservative Hegemony", a designation that seems to miss the fact that the Conservative control of the country was at best tenuous until the second decade of the 20th century (Posada Carbó 1997), with

arguably the most significant civil conflict in the history of Colombia—the Thousand Days War—punctuating the period from 1899 to 1902[11]. A more permanent settlement emerged towards 1910, a sort of "cohabitation" between Liberals and Conservatives guaranteeing substantial representation to the minority party, which established the foundations of Colombian politics during the 20th century (Bergquist 1986, Palacios 2006).

The settlement was instrumental to the late, but quite remarkable, insertion of the Colombian economy into the circuit of international commerce. Between 1910 and 1925, the value of coffee exports experienced an eleven-fold increase (Bergquist 1986: 255), went from representing 30% to 70% of total exports (Villar and Esguerra 2007: 96), and overall the economy experienced the highest rates of economic growth during the entirety of the 20th century (Urrutia and Posada 2007: 14). In addition to coffee exports, the agricultural enclaves in the northeast with heavy participation of the United Fruit Company (UFC) also saw important growth during this period. Manufacturing industries made isolated inroads in a few urban centers, particularly in the Antioquía region (Kalamanovitz 1997).

As elsewhere, these dramatic changes altered the composition and relative equilibria within the economic elite. Large coffee producers rose to prominence and the influence of foreign capital increased significantly. Labor markets, however, remained very much fragmented: coercive arrangements dominated the coffee economy, while salaried relationships prevailed in the enclave economies of mining and coastal

[11] In addition to the fragility of rule caused by recurrent rebellions, the resilience of regional elites was also a potent stumble block to the consolidation of the Colombian state. (Palacios 2006) The loss of Panama in 1903 seems to have provided some impetus both for pacification and centralization of power (Kalmanovitz 1997).

plantations. Importantly, the lateness with which these changes occurred had important consequences: first, the Colombian economy was barely affected by the adverse shock in demand caused by the European conflict in 1914 considerably delaying the "opening" effects of the international crisis. Second, in contrast to most other countries of the region, the organizational landscape of the country at the national level was comparatively very shallow: beyond the Liberal and Conservative parties, which organized political life virtually everywhere, there was a dearth of collective associations either for interest representation or the political mobilization of the working class and the rural poor.

The bourgeoning coffee industry would create the first truly national organization of interest representation, FEDECAFÉ[12], in 1927, which would maintain a very close relationship with almost all Colombian governments for most of the 20th century (Rodríguez-Vargas 1997). In contrast, relevant manufacturing and commercial associations would not appear until the 1940s (Schneider 2004), while labor unions remained relatively marginal actors: some of them gained strength in enclave areas, particularly in the agricultural fields of the UFC and in manufacturing centers of the Antioquía region, but lacked any significant penetration in the rest of the country (Ochoa 2006).

It was against this backdrop of conservative domination and limited development of entrepreneurial and labor organizations that the country was exposed to the strong effects of the 1929 crisis. In contrast to the almost negligible effects of the outbreak of the European war, this time the Colombian economy experienced a devastating blow due

[12] The National Federation of Colombian Coffe Producers (*Federación Nacional de Cafeteros de Colombia*).

to a dramatic fall in the prices of coffee exceeding 60% in the two years following the stock exchange crash, with the value of exports experiencing a decrease of 58% and, crucially, governmental revenue falling 52%[13].

In 1930 the Conservative party lost a presidential election for the first time in four decades, giving way to the rise to power of the Liberal party's candidate, Enrique Olaya Herrera. His triumph, however, was only indirectly related to the economic woes of the time, as his campaign benefitted significantly from internal divisions within conservatism, and once elected his government would go on to grant a number of positions to high profile conservative figures (Mora Toscano 2010). Not surprisingly, the measures taken by the Olaya Herrera administration to face the crisis were very orthodox: they were aimed at improving access to international credit markets, balance the budget, and extend tax benefits to agricultural and extractive industries (Junguito and Rincon 2004). As the crisis deepened, however, and social conflict intensified in the countryside, reformist forces within the liberal party gained momentum.

Within the ranks of the liberal party, efforts were made to establish stronger links with organized labor and to push for the electoral mobilization of rural workers[14] in an effort to solidify the electoral position of the party. The deep roots that coffee producers had within the party, however, rendered these efforts largely unsuccessful. It was ultimately Alfonso López-Pumarejo, a wealthy lawyer whose family had close

[13] Own calculations with data from Maddison (2003), Thorp and Londoño (1984) as well as Mitchell (2007).

[14] A prominent figure responsible for this was Jorge Eliécer Gaitán, a polarizing politician who pushed for radical reform. His role in working class mobilization took a critical turn after he publicly supported the agriculture laborers that worked for the UFC in the banana enclave of the Magdalena region in the aftermath of the "bananas massacre". In 1928 the conservative government of Miguel Abadía Mendez ordered the army to break a strike of agricultural laborers, an action that ended up with possibly up to 1000 workers killed (Elías Caro 2011). He would later become an icon of popular struggles in Colombia after his assassination in 1948, shortly after he became the leader of the liberal party. (Braun 1987)

connections to the coffee elite, who would become the champion of a moderate program of reform as the candidate of the liberal party for the 1934 election. Educated at the London School of Economics, López Pumarejo recognized the historical weakness of the Colombian state as a major obstacle to the prospects of economic recovery after the crisis. Importantly, his proposals were geared towards improving governmental revenue and ease tensions in the countryside but did not intend to alter fundamentally the role that exporting agricultural interests played as the main engine of the Colombian economy. Once in power, and taking advantage of a very strong congressional majority of the liberal party[15], López Pumarejo pushed for three critical reforms[16]: the introduction of an income tax, a law of lands (*ley de tierras*) authorizing expropriation of unoccupied lots, and an educational reform seeking to curtail the strong influence of the church over both private and public education (Giraldo 1994). In addition to these changes in legislation, the López Pumarejo administration actively promoted the unionization of workers and the creation of a national labor confederation[17].

López Pumarejo reforms quickly fell in a political vacuum, as they did not enjoy the support of any significant organization or social group outside of the *Lopista* wing of the liberal party and the newly created workers confederation. The reaction of conservatism did not take long to crystalize: alarmed by the potential for expropriation

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[15] This was an anomalous situation created by the boycott of the conservative party to the 1935 congressional elections. The liberal party was not a monolithic actor, however, and the first major locus of resistance to López Pumarejo's reform came, precisely, in the form of congressional opposition to his legislative agenda. Particularly strong was the hostility towards the "ley de tierras"

[16] These were part of his "revolución en marcha" (marching revolution) political project.

[17] This was the *Confederación de Trabajadores de Colombia* or CTC (Confederation of Workers of Colombia), the rise and fall of which closely mirrors that of the López Pumarejo reformist attempt. Unionization more than doubled during his tenure and the CTC was to become one of its critical allies. A little more than a decade later, already weakened by the creation of the conservative *Unión de Trabajadores de Colombia* (UTC), the confederation would be proscribed in 1948 accused of instigating violence after the assassination of Jorge Eliecer Gaitán.

opened by the "ley de tierras" and the strengthening of organized labor, in 1935 a group of "proprietors" created the "Acción Patriótica Económica Nacional"[18], an organization for the defense of private property rights which had the explicit purpose of opposing the López Pumarejo reforms (Botero 2006). The organization received support from FEDECAFÉ, which had a strong effect within the liberal party. It is likely that the position of López Pumarejo was further weakened by his abhorrence of protectionism[19], which prevented the possibility of his program of reforms receiving support from the fledgling industrial interests of the Antioquía region. In 1935, against the opposition expressed by the "Industria Nacional Colombiana"[20], the López Pumarejo administration negotiated a reciprocal trade agreement with the United States that gave American manufactures preferential access to the Colombian market (Ocampo 1988).

Facing the concerted opposition of economic elites, López Pumarejo announced in December of 1936 a "pause" to its reform program. This further polarized the liberal party, with the leftist faction supported by organized labor becoming radicalized, but its political strength proved to be small in the 1937 congressional elections, in which the liberal faction opposing López Pumarejo fared much better (Stoller 1995). López Pumarejo offered his resignation shortly after, but it was rejected by Congress. By the moment when he finished his mandate in 1938, the defeat of the reformist program was complete: the liberal party rejected the nomination of his preferred choice for successor

[18] The *National Patriotic Economic Action*, or APEN for its acronym in Spanish.
[19] It is crucial to note, however, that the political strength of industrial interests was exceedingly small at the time due to their regional fragmentation, even when their economic weight was not negligible. Even if López Pumarejo's had been willing to cater to them in an effort to strengthen his coalition, it is unlikely that their support would have altered the fate of his reform program.
[20] A regional industrial association based in the city of Medellín.

and chose instead Eduardo Santos, who had been an active opponent of the "Revolución en Marcha".

Under the leadership of Jorge Eliécer Gaitán, a long-time leader of the labor movement, the radical faction of the liberal party would gain strength during the 1940s, ultimately leading to the formal split of the party for the presidential election of 1946, where the Conservative Party returned to power with the triumph of Mariano Ospina. The assassination of Gaitán in 1948 under suspicious circumstances inaugurated a new period in Colombian history characterized by high levels of political violence and the effective collusion of the leadership of both the Liberal and Conservative parties to alternate in power and secure the survival of a profoundly exclusionary political arrangement[21]. Not surprisingly, the Colombian state remained one of the weakest and most patrimonialized in the whole region until the late 20th century.

5.2 The Closing Effects of the Cold War

In spite of the fact that Latin America provided a crucial stage for the development of the Cold War, particularly after the triumph of the Cuban Revolution in 1959, the competition between the US and the Soviet Union for global hegemony was consequential for state-building trajectories in the region only in so far as it helped ensure the continuity of pre-existing patterns: where state-reforming coalitions had been successfully forged, external pressures coming primarily from the United States to keep

[21] The formal agreement between the parties came after a brief interruption of civilian rule with the seizure of power by General Gustavo Rojas Pinilla in the 1953 coup d'etat. United to reject the dictatorship, the parties agreed to have only one party nominate a presidential candidate for the next 16 years. The "National Front" agreement had the strong support of economic elites and, not surprisingly given the recent onset of the Cold War, also of the United States. (Dix 1980)

the radicalization of political forces and the influence of Moscow under control were canalized internally by political leaders to strengthen the institutional framework created with the support of such coalitions—a framework that was presented domestically and abroad as the needed bulwark against the communist threat—thus galvanizing their effects. In contrast, where no such coalition had emerged, such pressures were exploited by recalcitrant political and economic elites to thwart any possibility of reform. Not only had these elites a newfound discourse at their disposal that could serve to defend the status quo against the threat of communism, but they also could count with the intelligence and military support coming from the United States, something that fundamentally changed the dynamics of national political conflict.

The general tendency as a reaction to the continental security threat was the reduction and eventual closing of political liberties in almost every country of the region. At one point in the mid 1970s, of the 16 countries of continental Latin America, electoral democracy had only survived in three of them: Colombia, Costa Rica, and Venezuela. There was, however, no true regime convergence: the authoritarian varieties that flourished in the region during this period included patrimonial dictatorships, bureaucratic-authoritarianism, as well as party-backed hegemonic systems. In terms of the positions that the political leaders at the helm of these regimes had with respect to state-building, the differences between them were not trivial at all. Patrimonial dictatorships, such as the ones that emerged in Central America and the Andean region to face "revolutionary threats" were, as their name suggests, anathema to institutional reform. In contrast, the very existence of bureaucratic authoritarianism was justified as an attempt to structurally modify state institutions to provide them with the capacities to

engineer higher rates of economic growth through the "technification" (i.e. depoliticization) of policy making. Similarly, party-backed authoritarianism tended to be associated with attempts at broadening the social scope of state institutions through a mass party.

One important point to keep in mind is that state reform did not make any country immune to political instability. However, the structural changes introduced by state reforming coalitions during the critical juncture prevailed, even in the face of political turnover. Among the countries where an encompassing route of reform was taken, that is, Argentina and Mexico, it was in the former where the durability of elected governments saw a greater degree of instability. Even though the *Partido Justicialista* never lost an election in Argentina during the Cold War era, it faced the constant threat of military intervention aimed at restoring the "correct" path to prosperity that the Argentinean political economy was supposedly destined to follow given its great comparative advantage in agricultural production. As it is easy to infer, such interventions were generally supported by the upper landed elites. Two of these interventions occurring in the 1960s and 1970s, however, went well beyond that and can be characterized as efforts of the top military leadership to increase the autonomy of state institutions vis-á-vis social actors, including the Peronist organizations and the upper classes, the two groups that had historically been able to control it[22]. Having failed to garner any significant support from social actors that were not immediately benefitted by their economic

[22] In other words, these were authoritarian attempts to professionalize state institutions. The first of these two experiences inspired O'Donnell's (1973) conceptualization of bureaucratic-authoritarianism, which is a category that, from my point of view, describes accurately the goals of the coup plotters, but not necessarily what they were able to achieve. In contrast, I believe the Brazilian and Chilean experiences are a much better empirical fit to O'Donnell's conceptual innovation.

policies and lacking any significant control over the dense clientelistic networks developed by the *Justicialista* reforms, both attempts succumbed to the pressure coming precisely from Peronist organizations.

In contrast, the PRI's hegemony was not fundamentally challenged in Mexico until the Cold War was effectively over in the late 1980s[23]. After Cárdenas' period as President was over in 1940, the policies implemented by subsequent PRI administrations were certainly more conservative, but the privileged role that popular organizations enjoyed as critical allies of the *revolutionary* coalition was never reversed and, what is more, such organizations became deeply intertwined with the state in a way that gave them "ownership" of their everyday operation to an extraordinary degree. As such, they became not only co-enforcers of an imbricated system of social penetration by the Mexican state, but also the main guarantee against the radicalization of labor. It is therefore no coincidence that, during the period of heightened competition for influence in the region between the USSR and the US, communist parties gained almost no traction in neither of these two countries as the loyalty of popular organizations remained firmly on the side of the *Peronista* and *PRI* leadership.

In direct contrast with the Argentinean experience with military dictatorship, bureaucratic-authoritarianism in Chile was fundamentally successful from an institutional building experience. To a great extent this is explained by the fact that the Pinochet

[23] As it was discussed in chapter 2, this is at least partially explained by an important difference between the coalitional dynamics of both countries: the incorporation of both urban and rural labor to the Mexican reforming coalition in the context of the implementation of large scale land reform left virtually no significant internal social actor that could significantly oppose the *PRI* hegemony. In contrast, exporting elites in Argentina were never stripped of their main sources of power: the control over vast extensions of land and the resources that were therein produced as well as close connections to the armed forces officialdom. Coupled with the weakness of the peasantry in a labor extensive economy this meant that the main opponents to the Peronist coalition retained considerable capacity to challenge it, even if they were never able to revert the structural changes that the latter introduced in the 1940s.

regime rested mainly on the social support provided by the same actors that had initially supported state reform during the critical juncture and were able to use the continental security concerns of the Cold War to their advantage. While the breakdown of democracy has been often interpreted as a radical departure from its historical political tradition[24], a careful look at the evolution of events in the years before the military coup that would substantively bracket its electoral history shows that, when it comes to the administrative apparatus, the radical break came during the brief period during which Allende held power. Empowered by the newfound ability of the socialist party to electorally mobilize larger segments of the rural population and the very much radicalized urban labor organizations, during the period of 1970-1973 public employment grew at an unprecedented pace at the same time that public enterprises sprung in almost every sector of the economy. The legalization and active promotion of rural unions also brought government agencies closer than ever to an area where historically the central state had been almost completely absent: the regulation of the terms under which labor and capital interacted in the countryside. In this context, military intervention was a means to disenfranchise a segment of the population that had only recently emerged as a significant political actor, eliminate newly created agencies establishing networks linking them closely to the labor movement, and redirect institutional building efforts to restore the basic developmental role that the state had played since the 1930s. All of this constituted the return to the institutional building trends started by the government of Ibañez del Campo in the late 1920s and consolidated with the rise of the "state of compromise" in the late 1930s.

[24] During the 20th century, elections had been only interrupted during the period in which Ibañez del Campo was in power during the late 1920s and early 1930s.

Uruguay, the case following a gradualist path of reform, faced more intense episodes of popular contention during the Cold War due to the apparent "exhaustion" of the *Battlista* growth model, which relied on the redistribution of resources from agricultural exports to support local production of manufactured goods as well as a very large public sector. As new technologies for more efficient breeding and feeding of ovine and bovine species were developed during the post-war period in New Zealand and Australia, the main competitors of these Uruguayan exports, the international market became much more competitive and profits sharply declined. The internal market provided an important source of growth that partially compensated for the decline in profits of the export sector, but the dependence on external technology and the small size of the market placed a ceiling to this developmental route (Rodriguez Weber and Thorpe 2014). The difficulty of incorporating newcomers either to the private or public sectors of the economy fed a small but very militant urban guerrilla movement that would eventually serve as the pretext for the cancelation of political liberties under a "civil-military" dictatorship promoted by the leadership of the *Colorado Party*.

Put succinctly, these four cases were all subject to the pressures stemming from the security concerns created by the Cold War, which were translated, among other things, in a common tendency towards the curtailing of political liberties. Three of them experienced full democratic breakdowns leading to episodes of bureaucratic-authoritarianism (BA), but these only had durable institutional building effects in Chile, where electoral politics had been conducive to a populist experiment marked by intense class conflict, product of a recently mobilized labor movement very prone to radicalism. Where labor allegiances remained firmly on the side of the parties that had been

originally instrumental to the formation of state reforming coalitions, bureaucratic-authoritarianism either did not emerge, as in Mexico, or it absolutely failed as a state-building experience, as in Argentina and Uruguay.

While this claim bares a superficial resemblance with the basic conclusion of Collier and Collier's (1991) analysis of integrative vs polarizing party systems, there are critical analytical differences between the two: under the Collier's framework, it is the relationship that the party establishes with labor what determines the outcome of interest and therefore, under this criterion, all incorporation strategies, with the only exception of the radical ones developed by the PRI in Mexico and *Acción Democrática* in Venezuela are, to some extent, instances of failed incorporation. This, according to their argument, explains why Venezuela and Mexico were more stable and did not experience episodes of political polarization leading to a military coup of bureaucratic-authoritarian undertones. In contrast, the labor populist incorporation strategy followed in Argentina and Perú eventually led to a stalemated party system with high instability and political turnover (including, of course, BA episodes), mobilization by a traditional party was conducive to electoral stability with social conflict in Colombia and Uruguay (but BA only emerged in the latter), and, finally, limited state incorporation led to a multiparty polarizing system that ultimately broke down and opened the way for the emergence of the two most durable BA episodes that emerged in the region during this period: Brazil from 1964 to 1985, and Chile from 1973 to 1989).

I argue, however, that neither the presence nor the absence of a BA episode can itself be automatically interpreted as a sign of institutional success or failure. To evaluate the latter, the focus should not be on the stability of electoral politics, which was very

much in flux during these years, but rather on the extent to which the changes to state institutions that were introduced by state reforming coalitions in previous years were sustained over the long-run. To illustrate the basic nature of this point notice that this form of institutional continuity was present both in countries that did not experience an interruption of electoral politics and others that did. In all of them, the success of previous institutional reform efforts in embedding state institutions—their norms, sources of legitimacy, and modes of operation—with large segments of society did not prevent the emergence of BA episodes guaranteed a durable imprint on the respective institutional building trajectories of these countries[25]. In other words, what is common to the four cases is the continuity of the institutional features brought about by state reformist coalitions during the critical juncture *in spite* of the attempts—radical populist in the case of Chile, counter-reformist in the case of Argentina and Uruguay—to significantly change their main features.

The main implications of this point are twofold: first, the causes behind the emergence of bureaucratic authoritarianism in the region require some revision as they cannot be attributed directly to either modernization pressures—as in O'Donnell's (1973) original highly abstract structural formulation—nor can they be considered to be the consequence of less "integrative" regime dynamics, as suggested by Collier and Collier's account[26]. Rather, the unfolding of the Cold War in the region, which started in the early

[25] This assertion does not intend to trivialize in any manner the brutal violence that bureaucratic-authoritarian leaders exerted against their own people in these two countries. The point is not that these episodes of authoritarian rule were not important or consequential in general: even the most superficial reading of any of the multiple reports, articles, or books that have been written on the scale of the humanitarian crisis that these countries were dragged into shows that they clearly were. But once they left power, their imprint on state institutions had been rather limited, especially when compared to the legacies of Brazilian and Chilean BA episodes.

[26] It almost goes without saying that it would be also wrong to consider it simply a byproduct of US intervention in the region in the context of the Cold War. The latter had almost certainly an effect on the

1950's when the CIA successfully intervened in Guatemala to depose the government of Jacobo Arbenz, generated external pressures that interacted with local distributions of power among social and political actors, modifying the relative position that they had with respect to one another. Even when, to an important extent, countries underwent similar processes of capitalist development as it has been shown in the previous two chapters, no two cases were identical in this respect. Under the magnifying glass created by the anti-communist obsession that dominated the region, BA episodes emerged in response to changes in such equilibriums that were not homogenous across cases and that sometimes could be rather subtle[27]. In other words, they did not always appear in response to a single set of circumstances or with the support of similar local and external actors[28].

Second, for analogous reasons, bureaucratic-authoritarian episodes did not comprise similar experiences with regards to the economic and institutional strategies followed by military leaders to modernize the state and bring about high rates of economic growth[29]. Even though O'Donnell attributed a certain "logic of operation" to

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gradual "closing" of electoral politics and the diffusion of authoritarianism, but as it was discussed at the beginning of the chapter, the bureaucratic-authoritarian type was a *rara avis* among the multiple non-democratic arrangements that were prevalent at the time.

[27] In particular, I find it unlikely that a BA episode would have emerged in Uruguay in the absence of this magnifying effect that emboldened some leaders of the Colorado party to support a civic-military dictatorship to marginalize a particularly militant group whose actual capacity to threaten the status-quo was in all probability quite limited. While I am less confident about making a similar assertion for the Argentinean case, it seems clear that the Peronist organizations of the PJ did not represent an acute threat to the status quo, much less a communist one. Their gradual coupling with the Argentinean state and their very high degree of success in shaping capital-labor relations had moved them away from radical redistributive demands, as even O'Donnell (1973) admits when he compares the situation under which the military arrived to power in 1966 in Argentina with that of Brazil in 1964.

[28] In this respect the Argentinean case is extremely informative: with the probable exception of Uruguay, there was no case that had a more "integrative" agenda of reform linking state to society.

[29] This point has previously been made, and to some extent documented, by Schamis (1991) and particularly by Remmer and Merkx (1982)

BA leaders that he assumed to be homogenous throughout[30], that would take them through three stages from stabilization to "industrial deepening" a careful revision of their economic strategies and their relationship to other actors both within the state and in society shows that this was not in fact the case. Ultimately, the Argentinean military regime that took power in 1976 ended up reverting to neoconservatism in its attempts to dismantle the interventionist instruments that were adversely affecting the agricultural sector, without substituting them with any significant "industrial deepening" strategy (Schamis 1991).

Finally, it is also important to briefly mention the nullifying effects of the cold-war in the forging of *new* state-building coalitions outside the cases where state-reform took hold during the interwar period. A logic implication of the structure of the argument that I have advanced in this dissertation is that negative cases could be of two different types: first, the failure of reforming coalitions could be the consequence of the lack of economic or organizational resources to support them due to the absence of social allies that could provide them during the "window of opportunity" provided by the critical juncture. These are cases where *productive* conditions for institutional building failed to materialize even in the presence of *facilitating* circumstances. A second type of negative case emerged in countries where factors conducive to the formation of a state-reforming coalition had an untimely development, arising only after the security concerns derived from the rise of the USSR as a world power and the subsequent spread of communism had taken over the international arena, significantly affecting the perception that relevant

[30] A bureaucratic-authoritarian "teleology" of sorts. It is hard not to notice the irony contained in such formulation, given how important O'Donnell's work was in discrediting the teleological assumptions behind much of the democratization literature of his time.

actors had regarding the necessity or desirability of embarking in institutional deepening efforts. In other words, such factors had been stripped of their *productive* capacities once the political environment had lost its *enabling* character.

While I do not present case studies in support of these implications, the mode of operation of the causal mechanisms at play can be understood with reference to the example of Guatemala, where a second reformist attempt rose under less auspicious conditions in 1954. In this instance, foreign intervention played a prominent role in eroding cross-class collaboration efforts attempting to reconfigure the reformist initiatives that had been defeated under the Unionista experiment. In contrast to that previous experience, however, a very narrow group was able to remove from office president Jacobo Arbenz, one of the most popular leaders in Guatemalan history, with the crucial support of the United Fruit Company (UFC), which had been adversely affected by the land redistribution efforts of his administration. The pivotal actor, however, were not landed elites or even the UFC, but rather the CIA and the Nixon administration. This is probably the case in which the forces created by the new international context were transmitted internally in the most crude of ways.

Epilogue: Different States make for Different Regimes

What are the implications of state development trajectories for the evolution of democracy? This is the question the final part of this dissertation seeks to address. This is a discussion about democratic process rather than cause. It is based on a relatively simple idea: state-building often has "procedural-effects" in the sense of either broadening the range of issues along which citizens have a direct stake when it comes to the regular operation of the machinery of government—an inclusionary effect—or reducing the discretion with which decision-making within such machinery operates—a constraining effect. Changes in these procedural attributes are connected to two critical dimensions of democratic rule[1], but they are rarely recognized as such.

Even though the main causal theoretical debates with which the argument developed in this dissertation engages are connected with state building, one of its main conceptual claims is that it is hard to understand political regimes without explicitly considering relevant attributes of the state apparatus that affect the way in which access to and exercise of state authority is determined. Here I further explore this idea, leveling a critique to the influence that "minimalist" conceptions of democracy have had on the conceptualization of political regimes in general, but with particular emphasis on the democratic type. The purpose is to show that features of the administrative arm of the state are not only relevant to understand matters of state capacity, law enforcement, or

[1] I am referring to what O'Donnell (1994) calls horizontal and vertical forms of democratic accountability, and Slater (2013) denotes as Rousseaunian inclusivity and Madisonian constraints. I will argue, however, that they are also consistent with Dahl's (1971) conception of participation and contestation as fundamental democratic attributes.

'order' more generally, but they also are critical to answer deeper questions connected with democracy, such as the extent and degree to which members of the population are part of the polity and who among them can effectively influence the levers of political power.

Democracy, Authoritarianism, and the "electoralist" bias in regime analysis

For a long time, the comparative study of political regimes has been heavily influenced in its conceptual aspects by insights stemming from what could be termed as the "minimalist" school of democratic analysis, which has strived for the adoption of a narrow definition of democracy based on both philosophical and practical considerations[2]. On the one hand, a long tradition within political theory has shown analytically the limitations of voting as a mechanism to aggregate collective preferences, to produce governments that are responsive to the people, or to ensure that elected officials will act with regard to the "general interest". Given these patent shortcomings, defining democracy based on certain substantial outcomes—such as whether or not policies respond to voters' ideological leanings or the extent to which they are the result of rational deliberation—becomes problematic: it is unlikely that such a system exists as something more than an intellectual curiosity. On the other hand, the need to have attainable empirical measures of the democratic character of existing regimes makes definitions based on a limited set of attributes desirable, since they facilitate comparison of a large numbers of cases.

[2] Przeworski (1999) offers what is perhaps the most thorough contemporary discussion of these considerations along with one of the strongest defenses of a minimalist conception of democracy. The foundational text for this tradition is Schumpeter's (1942) "Capitalism, Socialism, and Democracy".

Which attributes exactly? The response that the minimalist school provides to this question is simple: the competitive selection of leadership under broadly participatory conditions. For a combination of reasons, this analytical maneuver of defining democracy as those regimes that share these two minimal attributes has informed a substantial portion of research that is done on democratic regimes, leading to a strong "electoralist" bias, at the expense of other institutional arenas that may be as important—and at least sometimes even more important—in terms of organizing power relations among relevant social, political, and economic actors.

While definition and classification may not constitute explanation in their own right[3], by providing its contours they fundamentally constrain both the type of questions that are asked and the way in which they are answered[4]. The literature on political regimes is no exception to this, and the way in which such regimes have been regularly defined has had enormous consequences for the study of democracy. Consider the following remarks regarding "democracy" made by Steven Levitsky (1999) in his analysis of the later years of the Fujimori era in Perú:

> "…It is a paradox of Peruvian politics that, with a few relatively short-lived exceptions, democratic institutions have historically been associated with rule by a relatively narrow stratum of society…Democratic regimes in the 1940s and the 1960s were associated with a political class that was drawn from, and largely representative of, a small European elite. By contrast, the regimes that took the most significant steps—at least symbolically—to expand the scope of Peruvian politics…were authoritarian…"

[3] Some authors would take exception to this assertion. See, for example, Brady (2004).
[4] One of the best discussions around this issue can be found in Wedeen (2004), who shows some of the inherent limits of minimalist definitions of democracy, particularly when they are operationalized in dichotomic terms.

The assertion, not only portrays a paradox, as Levitsky notes, but the description that it offers of Peruvian politics is hard to reconcile with common understandings of what democracy and authoritarianism are supposed to mean. Most analysts of Peruvian history[5] would generally agree with Levitsky's assessment, routinely describing the periods of democratic rule as "oligarchic", and some authoritarian episodes, such as the one under Velasco (1968-1976) as "popular"[6]. The "paradox" is naturally not exclusive of 20th century Perú, which makes it more difficult to come to grips with the implications of these types of assertions. If this analysis is empirically correct, a number of questions emerge: how can we make sense of regimes where political competition exists, yet they seem to be ruled by "a narrow stratum of society"? Moreover, if these are accurate descriptions of these historical periods, what are the mechanisms through which such narrow stratum of society is able to rule?

The idea that drives the following lines is that answering these questions requires examining the ways in which the administrative apparatus itself alters the 'rules of the democratic game' by affecting the composition of the set of actors that have influence over governmental activity as well as the forms in which political power is contested. The natural point of departure is to establish more precisely what a political regime is. I start by reviewing some of the most prominent definitions of the concept of "political regime" that are available in the literature. The purpose of such review is to show that, while there is variation in the way that different authors define the concept, there are two underlying themes that are common to most definitions, namely that a political regime can be

[5] See, for example, Portocarrero (1983), Cotler (1993), Mauceri (1996).
[6] Though in some instances authors have refered to these periods as "populist" experiments, it is hard to accommodate them under this banner.

understood as the set of rules and practices that: 1) regulate *access* to power positions in any particular political unit, and 2) norm the way in which power may be exercised[7].

In their seminal work on transitions to democracy, O'Donnell and Schmitter (1986), for example, define a political regime as "…the ensemble of patterns, explicit or not, *that determines the forms and channels of access to principal governmental positions*, the characteristics of the actors who are admitted and excluded from such access, and the resources or strategies *that they can use* to gain access…"[8] (p. 73.) In similar fashion, in their path breaking study of political incorporation of labor in Latin America, Collier and Collier (1991) understand a political regime to be "…the *method of selection* of the government and representative assemblies (election, coup, decision within the military, etc.), formal and informal mechanisms of representation, and *patterns of repression*…" (p. 789.) In her influential essay on conceptual issues in the study of democratization, Lawson (1993) argues that the political regime "…determines not only *the manner in which governments are formed* and carry out their functions, but also the basis of their legitimacy as well as *the extent to which they are permitted to exercise authority*…" (p. 187.) Fishman (1990), in his work on democratization in Southern Europe, writes: "…A regime may be thought of as the formal and informal organization of the center of political power, and of its relations with the broader society. A regime *determines who has access* to political power, and how those who are in power *deal* with those who are not…" (p. 428.) Finally, in his influential essay on the prospects of what was then Mexico's "unfinished" transition to democracy, Whitehead (1994) argues that "…the

[7] This revision will be inevitably selective and it is, of course, limited to the work of those authors that have explicitly defined the concept. But the definitions covered here are part of seminal contributions to the comparative study of democracy and democratization.
[8] Emphasis in this and all following quotes is mine unless specifically noted.

term 'political regime' denotes a defined set of institutions and 'rules of the game' that regulate *access to, and the uses of,* positions of public authority in any given society…" (p. 327.)

As it can be seen, despite their apparent differences, these definitions all share a focus on the mechanisms of access and exercise of power. Note, however, that these definitions of political regimes are, in principle, skeptical about the exact characteristics that the methods of access and exercise may take. It is here where the electoralist influence of the minimalist school is most patently felt: to establish the democratic status of any particular case, authors ask whether or not there are free and fair elections for legislative and executive bodies in which the majority of the adult population participates and for which there is a considerable degree of political competition[9]. In sum, regimes are deemed to be democratic if they hold free, fair, broadly participative, and competitive elections in which real power holders are selected for office. Authoritarianism, in contrast, is frequently defined 'negatively' by the absence of these attributes: a dictator, a military junta, or a ruling party monopolizes power with no competitive selection mechanism.

This way of defining and classifying political regimes has intuitive appeal, as it opposes forms of rule characterized by the concentration of power through exclusionary mechanisms with those where such power is dispersed both through participatory

[9] Minimalist definitions of democracy have sometimes been equated with procedural ones. A prominent example of the latter is Robert Dahl's (1971) definition based on seven "procedures" that should be in place to consider a country a "polyarchy". The conflation is, I believe, the product of the apparent affinity between the minimal attributes previously discussed with the two critical dimensions of Dahl's analysis: participation and contestation. Upon closer inspection, however, the specific procedures included in Dahl's definition are hardly "minimal": 1) freedom of association, 2) freedom of expression, 3) most adults have the right to vote, 4) most adults are eligible for public office, 5) information circulates freely, 6) elections are contested, and 7) elections are free and fair and they serve to appoint officials who make policy decisions.

mechanisms and political contestation. It also offers a clear cut-off point or threshold for regime classification and provides the basis for analytic differentiation: based on the presence or absence of the attributes described above, several diminished subtypes of democracy and authoritarianism have been suggested in the literature[10].

Unfortunately, it also has led many political scientists interested in democracy to privilege analysis of the electoral dimension of political regimes and, conversely, to pay little attention to the bureaucratic apparatus, overlooking the extent to which administrative agencies are actually responsive to elected leaders and ignoring the potential connections that may be directly established between organized members of society and the state. This is certainly problematic: while all regimes deemed to be democratic under this definition share the crucial feature of having broadly participative and competitive elections, they differ with respect to the form in which access to other positions of political power operates on a regular basis. They also differ substantially in the extent to which elected rulers face effective constraints on their decision-making authority, a point that is almost completely sidelined by minimalist definitions of democracy. These differences are for the most part related to the nature of the administrative apparatus, which fundamentally shapes power relations between representative leaders, the administrative agencies over which they are supposed to preside, and the social groups and organizations that they seek to tax and regulate. Yet, in the study of "democratic regimes", such differences are very rarely analyzed in a systematic way.

[10] For a broader discussion of analytic differentiation using a procedural definition of democracy, see Collier and Levitsky (1997).

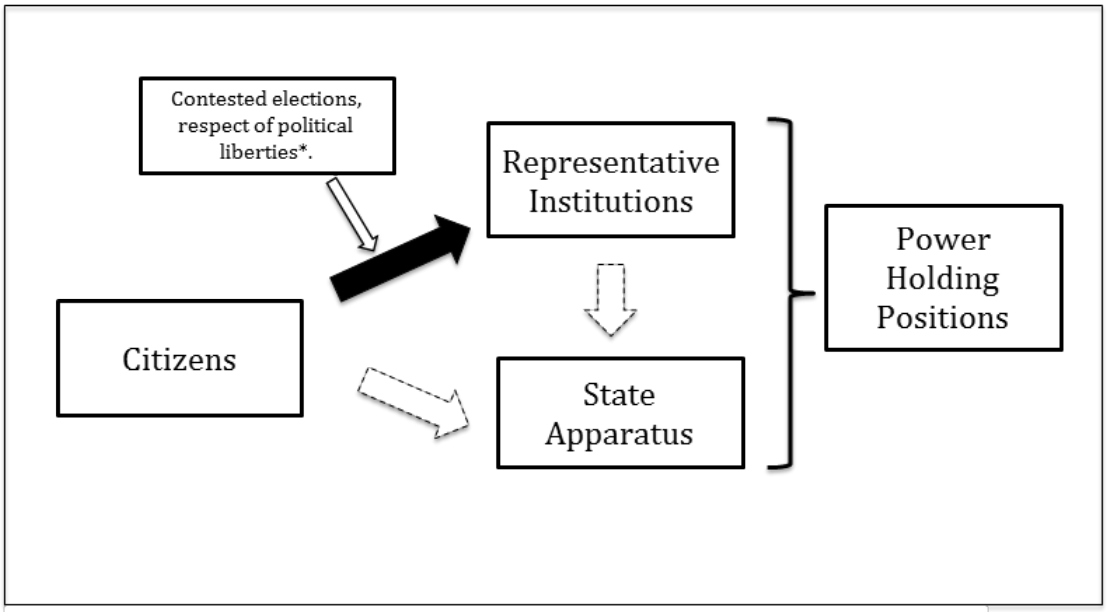
What I would like to suggest in the discussion that follows is that, for all its purported benefits, "minimalist" definitions end up reifying a very much incomplete picture of the way in which the institutions that embody the political system operate on a regular basis, and how access to such institutions is determined. Ironically, political scientists have long been aware of the importance of the state for an important range of outcomes of interest related with the regime question, from the occurrence of regime transitions to the consolidation of democracy (Linz and Stepan 1996, Schmitter and Karl 1991, Huntington 1991, Hadenius and Teorell 2006, Tilly 2008), but there have been surprisingly few theoretical efforts aiming to link state institutions and regime characteristics. To the extent that such institutions have an effect on the way in which power relations are organized in any polity, the state apparatus and its main constituting characteristics should be part and parcel of the analysis of political regimes.

Recognizing this fact is crucial for the analysis of Latin American political development because it is all too often assumed that almost all countries in the region have converged to the same regime type in recent years. While it is true that relatively free and competitive elections are now the norm throughout the subcontinent, power relations between elected authorities, bureaucracies, and organized groups of society actually display very important differences from one country to another. To understand these profound differences, it is necessary to turn attention to the full range of organizations that embody the state and not only its representative institutions.

This may become clearer by making explicit some of the assumptions about the political system that are implicit in this way of conceptualizing democratic regimes: first, it takes for granted the existence of an integrated state structure that responds to the

commands of a set of elected authorities. Second, it assumes that state institutions are deployed in homogenous form within the polity in question. Figure 6.4 graphically illustrates the image of a democratic regime that emerges from this conceptualization, showing each of the procedures that were discussed above, as well as those additional elements of any political system that are directly related to power relations, but which are generally not taken into consideration in the analysis of political regimes.

Figure 6.4 Graphic conceptualization of democratic regimes based on conventional definition of democracy



While it is clear that the occurrence of free and fair elections at the national level might signal that some relevant power positions within any particular regime are accessed

through democratic procedures[11], the assumption that this is the case for all of them is not necessarily granted. Determining whether or not this is the case in any particular instance is ultimately an empirical matter, but I argue that to make analytical sense of the possibility that access to some, but not all, power positions might be decided through such procedures, it is important to think about the existence of additional channels of access to the state apparatus that may bypass electoral mechanisms of selection of power holders. While this is an issue that has been recognized in the literature on the economics of the public sector (Hoff and Stiglitz 2004), in works dealing with state capture (Hellman et al 2000, Kohli 2004), as well as in historical accounts and case studies dealing with individual countries, the topic is very much under-theorized within the comparative literature on political regimes. To the extent that these channels are in fact mechanisms of access to power positions—a defining feature of political regimes, as it was previously discussed—they should be at the center of this literature.

What this implies is that the connection between state and regime requires further exploration and theorizing efforts, and this should be done beyond the commonplace assertion that democracy requires robust state institutions. In this sense, the state types described in chapter 1 as a guide to understand divergent institutional trajectories in the Latin American region should also be understood as underlying different types of regimes, as these different institutional configurations determine to a large extent patterns of access to state authority in these polities.

[11] By which I mean that access is granted through a mechanism that complies with the procedural standards previously discussed. Hereafter, the expression "democratic procedures" is used in this sense.

The State-Regime Connection: Rethinking Access and Exercise of Power

In the past fifteen years new theoretical approaches have provided at least partial resolution to the longstanding neglect of the state-regime connection and the electoralist bias in the analysis of political regimes. I focus here on the contributions made by Levitsky and Way (2010) in their study of competitive authoritarianism, as well as Mazzucca's (2017) analysis of patrimonial rule. The former authors make an explicit connection between state and regime attributes, while Mazzucca attempts a conceptual distinction to more clearly separate the two. Levitsky and Way focus on specific ways in which the use of state institutions and resources can substantially tilt the political playing field in favor of incumbents, thus having an impact on regime. The analytical contribution that these authors make builds on the Dahlian definition of democracy based on procedural attributes and expands it to require that political competition occur on leveled conditions for all contenders. Such expansion is justified under the reasoning that a regime can hardly be considered democratic if incumbents are able to constantly tilt such conditions in their favor, notwithstanding the presence of broadly participative and competitive elections. The key insight in connection with the state that this literature offers is the explicit incorporation of institutional features connected to the state apparatus as an integral component of the political regime. When the authority and resources of the state are used to intimidate opponents, silence critics, and annul the operation of institutional constraints, challengers to incumbents face almost insurmountable obstacles to succeed electorally. Under these conditions, it is apt to have these regimes under a separate "hybrid" conceptual category.

Empirically, this approach has made a substantial contribution to our understanding of comparative regime trajectories in the aftermath of the Cold War, a period during which a stronger international framework to punish flagrant violations of basic democratic principles emerged, and the commitment to the promotion of democracy of Western countries has been considerably more consistent than in the past (Levitsky and Way 2010). In the presence of these deterrents, overt authoritarianism has become less prevalent, yet there has been a proliferation of "illiberal" regimes[12], where competitive elections do constitute the main mechanism to determine who holds office, but incumbents can heavily skew the electoral arena in their favor.

With a different analytical goal, Mazzucca (2017) has made another critical recent contribution to this debate, the basis of which is a finer distinction between rules that regulate how power is accessed and those that dictate how it is exercised. Only the former, according to Mazzucca, should be considered constituent of political *regimes*. Where rulers are elected under broadly participative and competitive elections, very much as argued by minimalist definitions, the regime is deemed a democracy. Rules of exercise, in contrast, pertain to the realm of *administration* and do not have regime implications. Mazzucca further distinguishes the notions of *state* and *government*, the former referring to resources available to power holders to sustain the monopoly of violence within a given territory, and the latter simply to the individuals that hold office

[12] Hadenius and Theorell (2007) document the rapid decline of military dictatorships and one-party authoritarian regimes that occurred after 1989. Roughly during the same period, "multi-party autocratic regimes"—which roughly correspond to competitive authoritarianism—have been on the rise, making now about half of all authoritarian regimes included in their count.

at any given moment. A "taxonomical" pyramid is thus formed, with state resources at its base, political and administrative rules in the middle, and governmental actors at the top.

Clear analytical differentiation between the conceptual boundaries of these four 'macropolitical objects', as well as the explicit focus on state institutions brought by competitive authoritarian theorists are important steps in addressing the currently under-theorized links between state and regime. They offer, I believe, the basis upon which a much richer definition and classification of political regimes can be built, without reverting to the problems raised by critics of "substantive" democratic conceptualizations and their empirical shortcomings. To fully appreciate this, however, some additional observations are required.

First, it is not absolutely clear that the attribute of a 'leveled political playing-field' is conceptually different from the 'contestation' dimension already present in Dahl's conceptualization of democracy. After all, when Levitsky and Way argue that a salient feature of competitive authoritarian regimes is that "… incumbent manipulation of state institutions and resources is so excessive and one-sided that it seriously limits political competition…" (p. 6), they are explicitly equating the two: this manipulation is severely hindering contestation of power. In other words, even though they argue that their contribution lies in having revealed an additional attribute that is relevant for the existence of democracy, perhaps it would be more accurate to say that they look for the presence of Dahlian attributes in unexpected places (i.e. the state apparatus). The relevant conceptual question here is how to systematize this approach.

Mazzucca's approach can offer a preliminary answer to this question. One of the virtues of his approach is the recognition of the state apparatus as a critical locus of

power in any given political system. It is reasonable to argue that any effort to theoretically address the connection between state and regime should take this aspect seriously. Yet his argument that rules of access and exercise of power pertain to two different "political objects"—regime and administration—requires not only a strong assumption of separation between the two—something that is difficult to sustain in both theoretical and empirical grounds—but also implies that the mechanisms that determine access to the administrative corpus of the state are somehow irrelevant from the point of view of how power is accessed.

It is not difficult to see that rules of exercise can also constitute themselves rules of access[13]. To illustrate this point, it is useful to briefly consider another contribution by Mazzucca (2013), where he analyzes the rise of "rentier populism" in a number of South American countries. While most of these countries have retained competitive elections as the prime mechanism through which political office is reached, they have also seen the rise of 'super-presidents' that "...dominate the entire decision-making process..." (p. 109). Horizontal constraints, in other words, have been thwarted or become inoperative[14]. This begs the question of how exactly were these Latin American Presidents able to accumulate so much power? Often, it has been through their ability to determine who reaches—or retains—the positions of power in the independent bodies (legislature, judiciary, bureaucracy) that are supposed to work autonomously and constitute a check

[13] A similar observation is made by Fenner and Slater (2017) who argue, very much in line with what I suggest here, that the strict separation of access and exercise ignores the possibility that the way in which power is exercised may "…determine how it is accessed…" (p. 6). They attribute this potential connection, however, to the behavior of state agents. In contrast, I believe it is more persuasive to think of it in relation to the rules of exercise themselves: high discretion creates rules of access that concentrate power on the hands of rulers.

[14] The parallels between this situation and what occurs under competitive authoritarianism are apparent and, I would argue, obviously not coincidental.

on executive power. Naturally, it is not that they are formally invested to do so, but rather such ability is the product of the informal underlying rules that are characteristic of patrimonial administration. The absence of independent mechanisms of appointment and retention to the main leadership positions of these bodies renders them vulnerable to the pressures exerted by popular Presidents[15]. It is this vulnerability that speaks eloquently to the regime procedural consequences of administrative attributes.

What the preceding discussion suggests is that, in thinking about the democratic qualities of political regimes, a key consideration is the extent to which mechanisms constraining and distributing power can be identified not only with regard to the positions where power formally resides (executive leadership and legislatures), but also to those that provide it with infrastructural and material substance (the administrative apparatus). Most contemporary political systems display a high degree of institutional complexity, making it difficult to ascertain the extent to which these attributes are in fact prevalent throughout. But at a fundamental level, answering the questions of who is effectively included in the polity and whether or not power is routinely contested, comes down to specific attributes present in these two tiers of the political system. Mechanisms enabling inclusiveness and contestation—or their absence—are not confined to competitive elections for the selection of representatives. Attributes present in the second tier, corresponding to what can be called the "operative" component of the political system, are also of the utmost importance[16].

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[15] For the same reasons, they may also be subject to the pressures of other powerful groups or organizations, at the discretion of rulers.

[16] In analytical terms, this is equivalent to 'administration' in Mazzuca's taxonomy. I use the term 'operative' component to signal that I refer to more than just the agencies that are part of the executive power, and includes all those that hold authority, no matter the branch of government involved.

Under this light, several differences between Latin American regimes in the post-war era become a lot clearer. For example, it could be meaningfully argued that Costa Rica and Uruguay had, at different moments each, the most democratic regimes of the region. This is an assertion that perhaps is *prima facie* not very surprising. But the reason for considering them so is different than what is held by the conventional wisdom: it is not only that they had robust political participation or a strong party system that sustained effective checks and balances, it was also that their administrative apparatus created multiple avenues through which popular participation was expanded and the discretionary power of office holders was effectively constrained. In other words, the "politico-administrative regime", partially thorugh the workings of the infrastructural machinery of the state, maximized mechanisms through which the levers of power could be popularly activated, while at the same time it minimized their discretionary access and use.

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