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Business Politics and the State in Twentieth-Century Latin America

Despite the new prominence of business in the political economy of postreform Latin America, business politics remains a relatively neglected area of research. This book is the first systematically comparative and historical analysis of the incorporation of business into politics in Latin America. It examines business organizing and political activity over the past century in five of the largest, most developed countries of the region to construct an explanation for why business ended up better organized in Chile, Colombia, and Mexico than in Argentina and Brazil. The explanation for the surprising cross-national variations lies in neither economic characteristics of business nor broader political parameters, but rather in the cumulative effect of actions of state officials. The book also considers the consequences of these differences in organization and finds that stronger encompassing associations offer government officials opportunities for concerted policy making with business that can enhance policy implementation. The strong hand of the state in organizing business has important implications not only for theories of collective action, but also for our understanding of civil society and its potential to promote democratization.

Ben Ross Schneider is Professor of Political Science at Northwestern University. Schneider's articles and other publications focus on a range of issues in Latin American politics and development including privatization, democratization, regional integration, corporate organization, and market-oriented reforms. He is the author of *Politics within the State* (1991) and coeditor of *Business and the State in Developing Countries* (1997) and *Reinventing Leviathan* (2003). He has received fellowships and research funding from the Tinker Foundation, the Searle Foundation, the Heinz Foundation, and the Fulbright Program.

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BEN ROSS SCHNEIDER

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List of Abbreviations

Note: To keep clutter out of the text, English translations are included only here. Longer acronyms are sometimes given as capitalized nouns, largely in keeping with common usage in the literature of the respective countries. Most others are all in capital letters.

AAPIIC	Asociación Argentina de la Producción, la Industria y el Comercio (Argentine Association of Production, Industry, and Commerce)
ABA	Asociación de Bancos de la Argentina (Association of Banks of Argentina)
ABDIB	Associação Brasileira para o Desenvolvimento das Indústrias de Base (Brazilian Association for the Development of Basic Industries)
ABIF	Asociación de Bancos e Instituciones Financieras, Chile (Association of Banks and Financial Institutions)
ABIMAQ	Associação Brasileira da Indústria de Máquinas e Equipamentos (Brazilian Association for the Machinery and Equipment Industry)
ABINEE	Associação Brasileira da Indústria Elétrica e Eletrônica (Brazilian Association for the Electrical and Electronic Industry)
ABIQUIM	Associação Brasileira da Indústria Química (Brazilian Association for the Chemical Industry)

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Abbreviations

ABM	Asociación de Banqueros de México (Association of Bankers of Mexico)
ABRA	Asociación de Bancos de la República Argentina (Association of Banks of the Republic of Argentina)
ACIEL	Acción Coordinadora de las Instituciones Empresariales Libres, Argentina (Coordinating Action of Free Enterprise Institutions)
Acopi	Asociación Colombiana de Medianas y Pequeñas Industrias (Colombian Association of Medium and Small Industries, originally Asociación Colombiana Popular de Industriales)
ADEBA	Asociación de Bancos Argentinos (Association of Argentine Banks)
AMCB	Asociación Mexicana de Casas de Bolsa (Mexican Association of Stock Brokers)
AMIS	Asociación Mexicana de Instituciones de Seguros (Mexican Association of Insurance Institutions)
ANAC	Asamblea Nacional Constituyente, Colombia (National Constituent Assembly)
ANDI	Asociación Nacional de Industriales, Colombia (National Association of Industrialists)
Anfavea	Associação Nacional dos Fabricantes de Veículos Automotores, Brazil (National Association of Manufacturers of Automotive Vehicles)
ANIF	Asociación Nacional de Instituciones Financieras, Colombia (National Association of Financial Institutions)
ANIQ	Asociación Nacional de la Industria Química
ANTAD	Asociación Nacional de Tiendas de Autoservicio y Departamentales, Mexico (National Association of Self-Service and Department Stores)
APEGE	Asamblea Permanente de Entidades Gremiales Empresarias, Argentina (Permanent Assembly of Business Associations)
Asexma	Asociación de Exportadores de Manufacturas, Chile (Association of Manufacturing Exporters)
Asobancaria	Asociación Bancaria de Colombia (Banking Association of Colombia)
Asocaña	Asociación de Cultivadores de Caña de Azúcar, Colombia (Association of Sugar Cane Growers)

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Asocoflores	Asociación Colombiana de Productores de Flores (Colombian Association of Flower Producers)
ATI	Association of Thai Industries
BDI	Bundesverband der Deutschen Industrie (Association of German Industry)
CAC	Cámara Argentina de Comercio (Argentine Chamber of Commerce)
CACIP	Confederación Argentina del Comercio, la Industria y la Producción (Argentine Confederation of Commerce, Industry, and Production)
Camacol	Cámara Colombiana de la Construcción (Colombian Chamber of Construction)
Canacindra	Cámara Nacional de la Industria de Transformación, Mexico (National Chamber for the Manufacturing Industry)
Canaco-DF	Cámara Nacional de Comercio, Mexico City (National Chamber of Commerce)
CAPIC	Confederación Argentina de la Producción, la Industria y el Comercio (Argentine Confederation of Production, Industry, and Commerce)
CARBAP	Confederación de Asociaciones Rurales de Buenos Aires y La Pampa (Confederation of Rural Associations of Buenos Aires and La Pampa)
CBI	Confederation of British Industry
CCAP	Consejo de Cámaras y Asociaciones de la Producción, Ecuador (Council of Chambers and Associations of Production)
CCE	Consejo Coordinador Empresarial, Mexico (Business Coordinating Council)
CDE	Conselho de Desenvolvimento Econômico, Brazil (Economic Development Council)
CDES	Conselho de Desenvolvimento Econômico e Social, Brazil (Council for Economic and Social Development, 2003–)
CDI	Conselho de Desenvolvimento Industrial, Brazil (Industrial Development Council)
CEA	Congreso Empresario Argentino, 1948–9 (Argentine Business Congress)
CEA	Consejo Empresario Argentino, 1967– (Argentine Business Council)

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Abbreviations

CEESP	Centro de Estudios Económicos del Sector Privado, Mexico (Center for Economic Studies of the Private Sector)
CEPB	Confederación de Empresarios Privados de Bolivia (Bolivian Confederation of Private Business)
CEN	Conselho de Economia Nacional, Brazil (Council for the National Economy)
CES	Consejo Económico y Social, Chile (Economic and Social Council)
CFCE	Conselho Federal de Comércio Exterior, Brazil (also CFCEX, Federal Council for International Trade)
CG	Consejo Gremial, Colombia (Business Association Council)
CGE	Confederación General Económica, Argentina (General Economic Confederation)
CGE	Câmara de Gestão da Crise de Energia Elétrica, Brazil (Chamber for Managing the Crisis of Electric Energy)
CGI	Confederación General de la Industria, Argentina (General Confederation of Industry)
CIB	Centro Industrial do Brasil (through 1931, when it became FIRJ) (Industrial Center of Brazil)
CIB	Confederação Industrial do Brasil (after 1933) (Industrial Confederation of Brazil)
CIESP	Centro de Indústrias do Estado de São Paulo (Center of Industries of the State of São Paulo)
CIM	Consejo Industrial Mercosur (Mercosur Industrial Council)
CINA	Confederación Industrial Argentina (Argentine Industrial Confederation)
CIP	Conselho Interministerial de Preços, Brazil (Interministerial Council on Prices)
CLT	Consolidação das Leis do Trabalho, Brazil (Consolidation of Labor Laws)
CMHN	Consejo Mexicano de Hombres de Negocios (Mexican Council of Businessmen)
CMN	Conselho Monetário Nacional, Brazil (National Monetary Council)
CNA	Confederação Nacional de Agricultura, Brazil (National Confederation of Agriculture)

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CNA	Consejo Nacional Agropecuario, Mexico (National Agricultural Council)
CNC	Confederação Nacional do Comércio, Brazil (National Confederation of Commerce)
CNI	Confederação Nacional de Indústria, Brazil (National Confederation of Industry)
CNPF	Conseil national du patronat français (National Council of French Employers)
CNPIC	Conselho Nacional de Política Industrial e Comercial, Brazil (National Council for Industrial and Commercial Policy)
Codelco	Corporación Nacional del Cobre de Chile (National Copper Corporation of Chile)
Coece	Coordinadora Empresarial de Comercio Exterior, Mexico (Business Coordinator for International Trade)
Concamin	Confederación de Cámaras Industriales, Mexico (Confederation of Industrial Chambers)
Concanaco	Confederación de Cámaras Nacionales de Comercio, Mexico (Confederation of National Chambers of Commerce)
Conclap	Conferência das Classes Produtoras, Brazil (Conference of the Producing Classes)
CONEP	Comissão Nacional de Estímulo à Estabilização dos Preços, Brazil (National Commission for the Promotion of Price Stabilization)
CONFIEP	Confederación Nacional de Instituciones Empresariales Privadas, Peru (National Confederation of Private Enterprise Institutions)
Conindustria	Confederación Venezolana de Industriales (Venezuelan Confederation of Industrialists)
CONPES	Consejo de Política Económica y Social, Colombia (Council for Economic and Social Policy)
Coparmex	Confederación Patronal de la República Mexicana (Employers Confederation of the Mexican Republic)
Corfo	Corporación de Fomento de la Producción, Chile (Corporation for Promoting Production)
CPC	Confederación de la Producción y del Comercio, Chile (also know as Coproco) (Confederation for Production and Commerce)

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Abbreviations

CPE	Comissão de Planejamento Econômico, Brazil (Economic Planning Commission)
CT	Congreso de Trabajo, Mexico (Labor Council)
CTEF	Conselho Técnico de Economia e Finanças, Brazil (Technical Council for Economy and Finances)
CTM	Confederación de Trabajadores de México (Confederation of Workers of Mexico)
CUT	Central Única dos Trabalhadores, Brazil (Single Workers' Central)
CVF	Corporación Venezolana de Fomento (Venezuelan Development Corporation)
DIAP	Departamento Intersindical de Assessoria Parlamentar (Inter-union Department for Legislative Analysis)
FAA	Federación Agraria Argentina (Argentine Agrarian Federation)
FCES	Foro Consultivo Económico–Social, Mercosur (Consultative Economic–Social Forum)
Febraban	Federação Brasileira de Associações de Bancos (Brazilian Federation of Bank Associations)
Fedearroz	Federación Nacional de Arroceros, Colombia (National Federation of Rice Growers)
Fedecamaras	Federación Venezolana de Cámaras y Asociaciones de Comercio y Producción (Venezuelan Federation of Chambers and Associations of Commerce and Production)
Fedemetal	Federación Colombiana de Industrias Metalúrgicas (Colombian Federation of Metalworking Industries)
Federacafe	Federación Nacional de Cafeteros de Colombia (also known as FNC and Fedecafé) (National Federation of Coffee Growers)
Federalgodón	Federación Nacional de Algodoneros, Colombia (Federation of Cotton Growers)
Fenalco	Federación Nacional de Comerciantes, Colombia (National Federation of Merchants)
FIERGS	Federação das Indústrias do Estado do Rio Grande do Sul (Federation of Industry of the State of Rio Grande do Sul)
FIESP	Federação das Indústrias do Estado de São Paulo (Federation of Industry of the State of São Paulo)

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FIRJ	Federação das Indústrias do Rio de Janeiro (also Firjan) (Federation of Industry of the State of Rio de Janeiro)
FKI	Federation of Korean Industry
FONAC	Fondo Nacional del Café, Colombia (National Coffee Fund)
Fonacot	Fondo de Fomento y Garantía para el Consumo de los Trabajadores, Mexico (Fund for Promoting and Guaranteeing Workers' Consumption)
FTAA	Free Trade Area of the Americas
FTI	Federation of Thai Industries
GATT	General Agreement on Tariffs and Trade
GDP	gross domestic product
IBAD	Instituto Brasileiro de Ação Democrática (Brazilian Institute for Democratic Action)
IBC	Instituto Brasileiro do Café (Brazilian Coffee Institute)
IBS	Instituto Brasileiro de Siderurgia (Brazilian Steel Institute)
IEDI	Instituto de Estudos de Desenvolvimento Industrial, Brazil (Institute for the Study of Industrial Development)
Infonavit	Instituto del Fondo Nacional de Vivienda para los Trabajadores, Mexico (Institute for the National Fund for Workers' Housing)
IPES	Instituto de Pesquisas e Estudos Sociais, Brazil (Institute for Research and Social Studies)
ISI	import-substituting industrialization
JPPCC	Joint Public and Private Sector Consultative Committee, Thailand
Mercosur	Mercado Común del Sur; known in Brazil as Mercosul, Mercado Comum do Sul (Common Market of the South)
MIA	Movimiento Industrial Argentino (Argentine Industrial Movement)
MIN	Movimiento Industrial Nacional, Argentina (National Industrial Movement)
MNC	multinational corporation
Nafinsa	Nacional Financiera, Mexico (also known as NAFIN) (National Development Bank)

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Abbreviations

Nafta	North American Free Trade Agreement
PAN	Partido de Acción Nacional, Mexico (National Action Party)
Pemex	Petróleos Mexicanos (Mexican Petroleum)
PICE	Programa de Integración y Cooperación Económica, Brazil and Argentina (Program of Economic Integration and Cooperation)
PNBE	Pensamento Nacional das Bases Empresariais, Brazil (National Thinking of the Business Bases)
PRI	Partido Revolucionario Institucional (Institutional Revolutionary Party)
PT	Partido dos Trabalhadores, Brazil (Workers' Party)
SAC	Sociedad de Agricultores de Colombia (Society of Farmers of Colombia)
Secofi	Secretaría de Comercio y Fomento Industrial, Mexico (Secretariat of Commerce and Industrial Promotion)
SENA	Servicio Nacional de Aprendizaje, Colombia (National Training Service)
Senai	Serviço Nacional de Aprendizagem Industrial, Brazil (National Service of Industrial Training)
Sesi	Serviço Social da Indústria, Brazil (Social Service of Industry)
Simesp	Sindicato da Indústria de Máquinas do Estado de São Paulo (Syndicate of the Machinery Industry of the State of São Paulo)
Sindipeças	Sindicato Nacional da Indústria de Componentes para Veículos Automotores, Brazil (National Syndicate for Manufacturers of Components for Automotive Vehicles)
SNA	Sociedad Nacional Agraria, Peru (National Agrarian Society)
SNA	Sociedad Nacional de Agricultura, Chile (National Agricultural Society)
SNI	Sociedad Nacional de Industrias, Peru (National Industries Society)
Sofofa or SFF	Sociedad de Fomento Fabril, Chile (Society for Manufacturing Promotion)
Sonami	Sociedad Nacional de Minería, Chile (National Mining Society)
SRA	Sociedad Rural Argentina (Argentine Rural Society)

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TBA	Thai Bankers Association
TCC	Thai Chamber of Commerce
UBE	União Brasileira de Empresários (Brazilian Union of Businessmen)
UCR	Unión Cívica Radical, Argentina (Radical Civic Union)
UDR	União Democrática Ruralista, Brazil (Democratic Ruralist Union)
UIA	Unión Industrial Argentina (Argentine Industrial Union)
UTICA	Union Tunisienne de l'Industrie, du Commerce et de l'Artisanat (Tunisian Union of Industry, Commerce, and Artisans)

Acknowledgments

It is always revealing at the end of a long project to look back and remember how certain offhand remarks or coincidental events posed key puzzles to work through or renewed hopes that the puzzles were worth investigating. At the beginning of this project I was talking with Elio Gáspari, an *eminence grise* of Brazilian journalism and an early professor of mine at Columbia University, and I told him some of my hypotheses on business politics in Brazil. As I recall the conversation, Elio responded that the problem was fairly simple: the Brazilian bourgeoisie did not have a telephone. At the time, I was not sure of his meaning. This sentence, though, became one that I mulled over from time to time as I worked further on my hypotheses, got into the field research, and expanded the scope of the project to include first Mexico and then Argentina, Chile, and Colombia. In the end, I think I understand Elio's diagnosis of the organizational weakness of Brazilian business and I have collected a lot of comparative evidence to support his assessment.

As this book evolved, several colleagues made passing remarks on the need for a companion volume on the political incorporation of business to complement the comprehensive opus of Ruth and David Collier on labor incorporation. Over the course of this project, I have often been struck by the lack of sustained comparative analysis of business politics in Latin America, especially compared to the more extensive and sophisticated research on labor. This relative neglect seems even less warranted in recent years, when freer markets and politics have granted business an ever more central role in the political economy of Latin America. Although not designed as an extension of the Colliers' work, I do hope this

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book helps to balance somewhat the scholarly attention devoted to the political incorporation of various social groups in Latin America.

As I was finishing the manuscript, reports leaked out of a meeting in May 2003 of Latin American billionaires in Mexico City (followed by golf in Ixtapa). Carlos Slim, the wealthiest man in Latin America, organized the event, invited a few dozen prominent businessmen from each of the major countries to attend, and reportedly bore the full cost of the three-day meeting. (*Reforma*, 23 May 2003, electronic version). The meeting may not have any lasting effect, like many meetings of top businesspeople. And international or inter-American business organizations of any sort have always been particularly diaphanous. However, it was of little surprise that the meeting took place in Mexico, where the business community has long been better organized and more accustomed to acting collectively than business in other large countries of the region.

This often-interrupted project accumulated debts for years. On the financial side, I am grateful for support from the Fulbright program, the Searle Foundation, the University Research Grants Committee at Northwestern University, and the Center for International and Comparative Studies at Northwestern University. At various stages, the Centro de Investigación y Docencia Económicas (CIDE), the Lateinamerika Institut at the Free University in Berlin, and the Wissenschaftskolleg zu Berlin were generous in providing office space and logistical support.

The success of a comparative project like this one depends heavily on the good will of scholars who really know the politics of each of the countries involved. Among Brazilian scholars who greatly helped in my research, I thank Renato Boschi, Luiz Carlos Bresser-Pereira, Eli Diniz, Maria D'Alva Kinzo, Edson Nunes, and Gesner Oliveira. Marilene Lara de Oliveira provided indispensable logistical support. In Mexico, Marcela Briz, Denise Dresser, Blanca Heredia, Matilde Luna, Yemile Mizrahi, Juan Manuel Ortega, Alicia Ortiz, Cristina Puga, Ricardo Tirado, and David Zúñiga provided both logistical assistance and substantive feedback. Alicia Ortiz was especially gracious in taking time to comb through her files and send me the cover photograph. Roderic Camp, Edward Gibson, and Blanca Heredia made remarkable gestures of scholarly solidarity by giving me copies of their interviews with Mexican business leaders. In Argentina Juan Carlos Torre, José María Ghio, and Ernesto Calvo helped guide my research, as did Alfredo Rehren, Eduardo Silva, and Manuel Garretón in Chile and Angelika Rettberg and Eduardo Sáenz in Colombia. I also owe a debt to the many businesspeople and government officials listed in Appendix B and others who preferred anonymity.

Acknowledgments

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