

1

STATE ORGANIZATION IN LATIN AMERICA SINCE 1930

INTRODUCTION

This chapter surveys more than half a century in the development of state organization in twenty formally sovereign republics of Latin America.¹ As a historical survey rather than an exercise in abstract theory, it pays attention to the particularities of individual cases, while of course seeking to place them in their comparative context. A number of specific aspects of state organization – territorial control, public employment, fiscal capacity, scope of economic regulation, and accountability to the citizenship – will be singled out for attention. The aim is to isolate the main long-run trends in state organization in Latin America since 1930, and to formulate some generalizations about their determinants. Clearly, we must consider not *'the Latin American state'*, but a range of state organizations in Latin America responding to quite varied conditions with respect to economic development, to geopolitical location and to socio-political context. However, there are some important limits within which these variations occur, and rather than thinking of twenty totally distinctive national experiences we can identify several clusters of states with sufficient similarities to permit commonality of treatment. But first a number of caveats are in order. This is not another account of the development of state capitalism (although all the countries under consideration developed forms of state organization intended to mediate the crucial relationship with the capitalist world market). Limitations of space have prevented much consideration of the varying ideological climate within which state organization has been shaped since 1930. In particular, changing doctrines of, and attitudes towards, national-

¹ This definition excludes Puerto Rico – regrettably, since some comparisons could be instructive. It includes a number of republics whose sovereignty was at times only quite formal – Cuba under the Platt Amendment until 1934; Haiti under occupation by the U.S. Marines until 1934; Panama before the Canal treaties of 1977.

ism would merit closer attention than they can receive here. Changes in social structure (urbanization, mass education, the rise of organized labour, and so on), which of course interact with changes in the organizational structure of the state, are not entirely overlooked, but the number and variety of distinctive national experiences under consideration preclude any rigorous treatment. Finally, this chapter cannot hope to trace the main developments of state organization throughout the entire region over the whole period since 1930. Instead it concentrates on selected aspects, countries, and periods. In particular, the early 1930s are highlighted and compared with certain later periods, notably the early post-war years, the sixties, and the early 1980s.

To begin let us consider what our twenty Latin American states had in common in the early 1930s, and what characteristics distinguished them from the other forty or so formally sovereign states in existence at that time. They were long-established (more than a century of independent existence in most cases); they were not empires (as most of the states of Europe were, or aspired to be); they were republics, not monarchies; they were not socialist republics (although Chile and Cuba witnessed brief attempts to follow the Soviet example during the trough of the 1929 Depression). They had suffered no casualties or direct war damage in the First World War. Indeed, in the twentieth century they had had far less exposure to international warfare than other states in the world. There were no veterans of foreign wars; there were not even many serious rivalries over territory (certainly not over inhabited territory); the Chaco War (1932–5) between Bolivia and Paraguay constituting a major but isolated exception to this rule. Although the Catholic Church was not infrequently a powerful and for the most part reactionary influence on society, all these states were at least formally liberal (often progressive) in their constitutional structures. Thus there were no theocracies and no hereditary dictatorships (the Trujillo and Somoza regimes were just beginning). On the contrary, secular education was acceptable in principle and on the rise in practice – often led by the higher education sector where remarkably radical ideas about university autonomy had acquired a widespread momentum. The normative political structure of the region included regular elections (albeit with a restricted suffrage), separation of powers, and at least some degree of autonomy for the legal system and for the press, and some appearance of federalism. The principle that modern society should contain a ‘public sphere’ separate from private interests was widely ac-

State Organization in Latin America since 1930 5

knowledgeed, even though access to such an arena was in practice extremely selective and relatively unstable, and patrimonial and clientelist reflexes pervaded nearly all public administration. In fact, the social underpinnings of these republican forms were often weak – class, ethnic and regional fragmentation was the norm, as were local or personalist loyalties. Elite groups were typically unaccustomed to the notion that general public rules might also be applied to themselves. Certainly, then, these were not fully consolidated liberal republics in which constitutionalist principles had been fully internalized, and had become ‘second nature’ in the society as a whole. On the contrary, the Depression of the 1930s marked a turning point in the trajectory of Latin American liberalism after which even the most highly advanced expositors of liberal principles (in Argentina, Chile, and in particular Uruguay) were driven into frank retreat. Nevertheless, compared with most of the world in the early 1930s, Latin America still seemed an unusual haven for republican virtues.

Most of the distinguishing characteristics listed above fail to separate the states of Latin America from such Anglophone liberal states as the United States, Australia, Canada and New Zealand. The crucial distinctions to be made here require some care. Overall the English-speaking countries certainly enjoyed a higher living standard than the Latin American republics – although Argentina and Uruguay were not so different in this respect from Australia and New Zealand. More decisive was the fact that a clear majority of citizens in the English-speaking nations enjoyed relatively full and secure participation in the social and political life of the time. This statement must of course be placed in context – we are referring to the 1930s – but compared with even the most favourable Latin American experiences, liberal rights and guarantees still possessed a much greater degree of reality in the ordinary life of average citizens in North America and Australasia. A convenient way to sum up this contrast is to say that even during the Depression there was an important difference (understood by those who experienced it at first hand) between the *achieved* liberalism of these developed capitalist/market economies, and the *rhetorical* and *aspirational* liberalism of Latin American societies. The latter were, of course, characterized by markedly uneven development (what in the literature of dependency school is called ‘enclave’ development) and an often incomplete and insecure form of insertion into the world market economy. In this regard the ‘peripheral’ or ‘semi-developed’ countries of Latin America had more in common with the newly established republics

of the Balkans and Eastern Europe. But their geo-political location was more fortunate, and of course their experiences of uninterrupted self-government were for the most part much longer.

In 1930 the great majority of these republics had already celebrated their first centenaries of independent existence. Such longevity raises complex questions about the origins and morphology of the state organizations under consideration. How much of their state structures and workings can be traced back to their three centuries of Iberian colonial administration? Intellectual influences derived from European and North American liberalism can be clearly traced in many constitutional documents and speeches by the founders of the independent states. But doubt remains about how far these ideas were transmuted in the course of adoption, especially since the institutions in which they became embodied were at least initially so fragile and in many respects ineffective. Perhaps it would be more accurate to trace the *effective* organization of many of these states, not from their dates of independence, but from some stage later in the nineteenth century, when a stable administration finally proved capable of successfully upholding 'the claim to the monopoly of the legitimate use of force' throughout the territory, to use the Weberian formulation concerning *modern* states.² Important as they are in their own right, these questions also lead on to a larger issue: did Latin American state organization precede (and perhaps gave rise to) 'civil society', or did these two social abstractions emerge together, or finally was it the pre-existing social structure which largely shaped and penetrated the belatedly organized state structures?

Unfortunately there can be no simple answer to such complex questions, least of all when the history of twenty diverse republics is under discussion. However, a few general observations can be made. Concerning the legacy of Iberian administration, for example, nearly all the states in existence in 1930 were governed from cities that already performed some administrative functions prior to independence. Similarly, the boundaries of these republics bore a recognizable relationship to colonial jurisdictions, although the fit was far from perfect. There were also other continuities – in the language of administration, in some forms of property law and rights, in some aspects of the professions (e.g., some university faculties) – all of which could be cited by those claiming to identify a continuous and dominant

² To judge from a recent study of the formation of the Argentine state, such a claim only became credible over half a century after the initial break from Spain – some time between 1862 and 1880. See Oscar Oszlak, *La Formación del Estado Argentino* (Buenos Aires, 1990), ch. 3.

Iberian tradition ('centralist' to some, 'Catholic corporatist' to others). Yet such arguments overlook the evidence that for much of the colonial period distant centralizers learned to co-exist with a remarkable array of local diversities, and disregard the rupture brought by independence (or in Brazil's case by the overthrow of the Empire in 1889).³ Of course there were well-known continuities between colonial and post-colonial elites and social structures, but at least at the level of State organization the discontinuities were sometimes extreme. Even Claudio Veliz, who has made the strongest claims for the persistence throughout Latin American history of an underlying bureaucratic and centralist political tradition of colonial origin, concedes that independence was initially followed by a wave of anti-absolutist, decentralizing and federal experiments, and that in the second half of the nineteenth century the region underwent what he calls a 'liberal pause', which lasted until the Depression of 1929. Moreover, to the extent that he is still able to identify a concealed centralist tradition beneath this appearance of fragmentation, he is forced to recognize the appearance of a variety of *competing* centralist authorities no longer subject to political restraint or control from Europe.⁴

An alternative perspective emphasizes the powerful impact of liberal and republican political ideas emanating from Europe and North America, but also recognizes the local realities distorting their transmission to Latin America. To dispense with hereditary rule and openly aristocratic governance was a bold innovation in the early nineteenth century; so too was the abolition of slavery; adoption of the principle of the division powers; and experiments with federalism and secession. The underlying rationale was

³ Brazil's path to statehood was distinctive in part because of the permanent weakness of the metropolitan power, in part due to the continental vastness of the Brazilian land mass, in part due to the prevalence of slavery. Thus, despite the achievement of independence in the 1820s, there was until the late nineteenth century little felt need to instil national consciousness among the subordinate classes and state sovereignty was expressed through a dynastic identity which sustained a relatively complex and precocious state bureaucracy. Until 1889 it could be said that the Emperor rather than the state personified a national unity that was still strongly contested by regionalist movements. Thus, after the declaration of the Republic, Brazil still faced many of the problems of state formation (particularly the economic and political consequences of pursuing a *liberal* model of social organization) that had already been confronted by its Hispanic neighbours a generation or more before. For an illuminating contrast between the processes of state formation in Argentina and Brazil in the nineteenth century, which emphasizes the differing character of the two elites, the distinctive role of the military and of the church, see Hélió Trindade, 'A Construção do Estado Nacional na Argentina e no Brasil (1800–1900): Esboço do uma Análise Comparativa', *Dados* (Rio de Janeiro), 28, 1 (1985). For a second paired comparison along similar lines, see Fernando Uricoechea, 'Formação e expansão do estado burocrático – patrimonial na Colômbia e no Brasil', *Estudos CEBRAP*, 21 (1977).

⁴ Claudio Veliz, *The Centralist Tradition of Latin America* (Princeton, N.J., 1980), esp. ch. 7. Others describe the discontinuities more starkly.

some notion of popular sovereignty clearly traceable to European liberal currents of opposition to absolutism. Whether the dominant current was French, British, North American, or Iberian, need not detain us here (although all these influences contributed in varying proportions, and the Spanish strand in particular has frequently been underestimated). From the standpoint of state organization what matters is the huge gulf that opened up between abstract endorsement of these principles, and their effective embodiment in authoritative institutions. The 'precocity' of Latin American constitutionalism has therefore been suggested as a key explanation for its debility.⁵ One very concrete aspect of this precocity, which can be studied systematically by historians, arises directly from the extreme difficulties of overland physical communication throughout almost all the sub-continent, which of course rendered largely theoretical the claims to territorial authority of the new state administrations. Another aspect, of particular salience in the Andean republics and Mesoamerica, was the widespread prevalence of indigenous peasant communities who traced their ethnic identities to pre-conquest civilizations rather than to any political models derived from Europe.

The newly independent Latin American states confronted 'disorder' which in many cases extended well into the twentieth century. On the one hand, as Oscar Oszlak has noted, there were many instances of armed confrontations: uprisings of local *caudillos*, *campesino* rebellions, Indian raids, secessionist movements, and other forms of opposition to the concentration and centralization of power. On the other hand, tradition conspired against the centralization by the state of certain instruments of social control: civil registers, the educational system, commercial prac-

⁵ See Francois Xavier Guerra, 'Les Avatars de la Representation en Amérique Hispanique au XIXe siècle', in Georges Couffignal (ed.), *Reinventer la Démocratie* (Paris, 1992): 'We are not dealing with exotic countries that recently adopted European models with which they were unfamiliar. These are countries that belong fully to the European cultural tradition, at least as far as their elites and their cultural origins are concerned. . . . [since independence] they adopted national sovereignty as the principle of legitimacy and the representative republic as their form of government. It is this political precocity that may explain their specific characteristics. . . . behind the modern word 'state' is in fact hidden the cities and provinces of the Ancien Régime. This provides a particularly visible illustration and one of the problems arising when a modern system of representation based on the individual is extended to a traditional society mainly organised around groups' (pp. 49–50, 53–54). Oscar Oszlak offers an alternative formulation of this precocity – 'the great majority of Latin American countries acquired – as the first attribute of their condition as national states – formal external recognition of their sovereignty. . . . [which], however, preceded the institutionalization of a state power acknowledged within the national territory itself. This peculiar pattern, which in some cases persisted for several decades, contributed to the creation of the ambiguous image of a national state established in a society that failed to acknowledge fully its institutional presence.' ('The Historical Formation of the State in Latin America', *Latin American Research Review*, 16, 2, 1981, p. 8.)

State Organization in Latin America since 1930 9

tices, and so on. Sub-national divisions (states, provinces, departments) continued to have their own armed forces, coin their own money, establish internal customs, and administer justice based on varying constitutional and legal norms.⁶ In fact, it was not uncommon for some of the best organized and most dynamic administrative structures to arise on the periphery of these established states (the northwestern and northeastern states of Mexico during and after the Revolution, the states of São Paulo and Rio Grande do Sul in Brazil in the invertebrate Old Republic, the city and department of La Paz in Bolivia, Guayaquil in Ecuador) and for these sub-national bureaucratic units to present a significant challenge to central authority without necessarily either capturing or superseding it. Given the multiplicity of instances where such conditions still applied a full century after most republics had obtained their independence, it is hardly possible to defend the hypothesis of an underlying 'centralist' tradition, except by classifying every assertive periphery as a new centre.

The problem is to determine an appropriate standard of measurement by which to gauge the progress (or absence thereof) of any particular state organization. Matched comparisons between Latin American republics are more instructive than contrasts with an ideal-typical state modelled on somewhere like Prussia. And in reality there are multiple dimensions to state organization. For example, Mexico under Porfirio Díaz (1876–1910) outpaced Brazil under the First Republic (after 1889) in some major respects (e.g., through more extensive regulation of land-ownership, mineral and water rights) while falling well behind in terms of tax effort ('extractive capacity'), spending on public works, or the size of the state bureaucracy.⁷

As for the relationship between 'state' and 'civil society', in very general terms we may classify almost all these pre 1930 regimes as 'oligarchic republics', in which such public authority as existed was broadly at the service of a restricted sector of the population, which derived its coherence from various non-state sources of social power, such as land-ownership, family lineage, or a position of advantage in international trade and finance. Yet any such 'oligarchical' predominance was

⁶ Oscar Oszlak, 'The Historical Formation of the State', p. 20. For a useful series of case studies illustrating these themes see J. P. Deler and Y. Saint-Geours, *Estados y Naciones en Los Andes: Hacia Una Historia Comparativa*, 2 vols (Instituto de Estudios Peruanos, Lima, 1986).

⁷ For a comparison of Porfirian Mexico and early republican Brazil, see Steven Topik, 'The Economic Role of the State in Liberal Regimes – Brazil and Mexico compared, 1888–1910', in Joseph L. Love and Nils Jacobsen (eds), *Guiding the Invisible Hand: Economic Liberalism and the State in Latin American History* (New York, 1988).

typically fragile – perhaps vulnerable to internal feuding, or liable to be contested from below. Moreover, as state organization proceeded, and as the formal structure of republican and constitutional government began to fill out with substantive policies and capabilities, the emerging bureaucracies tended to acquire ambitions and sources of justification that were liable to diverge from the outlook of these so-called oligarchic sectors. This became especially manifest as a consequence of the Depression of 1929, since it weakened both the material position and the ideological legitimization of the liberal oligarchies, and it simultaneously thrust new tasks of national integration and economic management on governmental structures that were abruptly cut loose from their pre-existing international alignments. The rise of economic nationalism involved these states in a multitude of new commitments, and impelled them to generate new sources of social support to substitute for, or counter-balance, traditional ‘oligarchic’ alignments.⁸ To say that these newly assertive state organizations began ‘creating’ new more participatory and more truly national societies might be to overstate the case, but certainly the balance of initiative passed from oligarchy to bureaucracy as the process of import substituting industrialization got underway.

Since state structure in Latin America has multiple dimensions, since the state-society relationship varied considerably over time and between countries, and since within most republics there was a very socially and geographically uneven development of institutional structures, the question inevitably arises whether the states of the region can (in the 1930s or, for that matter, in the 1990s) properly be analysed as a collectivity or, if not, what kind of sub-divisions would be appropriate. In a chapter concerned with characteristics of state organization we are bound to distinguish between the extreme cases of Chile and Uruguay, on the one hand, and Haiti, Honduras and Bolivia on the other. What is more problematic is to identify criteria of classification that remain stable over time and to discriminate not just between these two extremes, but between both and the more typical intermediary levels of state articulation. This suggests a rough and ready threefold classification. The most sophisticated, and in some sense ‘modern’, forms of state apparatus will be attributed to countries of the Southern Cone, although the normative implications are far

⁸ Nationalism in Latin America took a variety of forms – political, economic, and cultural – and developed at a different pace in different places. Argentina, Chile and Mexico certainly displayed strong currents of nationalism (of all forms) before 1930. Although it is hard to isolate any single causal factor, the linkage to the expansion of the educational system should not be underestimated.

different from those implied by 'modernization' theory. The simplest and most improvised forms of state organization can be thought of as broadly 'Central American' in type (although this short-hand is an injustice to Costa Rica). Except when I refer to either 'Southern Cone' or 'Central American' sub-categories, the more typical forms of state organization, those that will receive the most attention here, fall into an intermediate range. Brazil and Mexico will often be cited as representative in this sense.

This threefold classification has the virtue of simplicity, but the defect of crudity. One significant implication should be underlined at the outset. Taking Brazil and Mexico as representative of the middle of the range biases the interpretation towards the overstatement of the advances made over the half century since 1930. For these countries both had rather poorly organized, and in many ways defective, forms of state organization at the beginning of the period. On the eve of the 1982 debt crisis, however, they possessed perhaps the most sophisticated and effective, certainly the most ambitious and self-confident, state bureaucracies of the region. By contrast, at either of the two extremes, we witness far less in the way of positive change, and also much less growth in self-confidence. Since 1982 the impression of a relentless advance has been reversed, throughout the region, by the debt crisis and the consequent near bankruptcy of most states, a topic discussed briefly at the end of this chapter.

In general, the state has at least three essential and inter-related characteristics – territoriality, administration, and command over resources. Where all three elements have been effectively developed and brought together we have a 'modern state'; otherwise we do not. Relatively few 'modern states' in this sense existed around the world in 1930. Latin America was of course much further advanced than Africa or Asia along this route, and it is at least arguable that some of the Latin American republics (that is, those of the Southern Cone) were more like 'modern states' than many countries in Europe, notably in the Balkans. However, as we shall see, for most countries of the sub-continent the three essential requirements were only incipient or partially developed in 1930. A half century later this situation was very different, above all for the most important countries, Mexico and Brazil. Enormous strides had been taken toward the consolidation of 'modern states' throughout Latin America.

This is certainly not to claim, of course, that all was rational, well-organized, and impartially dedicated to the public good in any of these countries. The three characteristics proposed here are to be regarded as minimum sufficient conditions for modern statehood, rather than as some

Hegelian end-product of history. Even by this minimalist yardstick there were still many loose ends, many partial and incomplete processes at work in the countries under review. Indeed, in certain cases there was a degree of regression, as some earlier extensions of state organization were eroded or undermined. Moreover, as the 'state shrinking' tendencies of the 1980s made clear, even the most impressive and sustained efforts at state building proved to be deeply flawed – resulting in over-extended inflexible, unresponsive, voracious and over-political bureaucracies that proved highly vulnerable to attack (in the lexicon of the Mexican neo-liberals, the state had become *el ogro filantrópico*). Nevertheless, the broad picture is clear: between 1930 and the early 1980s nearly all of Latin America underwent a remarkable process of state organization; the ambitions, resources, and capabilities of virtually all the region's public authorities were incomparably greater than they had been a half century before, even though a yawning gap between aspiration and reality often persisted, state accountability to society generally remained highly deficient, and a systemic crisis loomed.

It is no easy task to determine either when, or why, this happened in each instance, let alone why some countries lagged behind (in relative terms) while others took such impressive strides. Since we are dealing with a continent-wide (indeed a world-wide) process we must take into account the major international forces at work, but there is no consensus about the level of generalization appropriate for the purpose.⁹ At one extreme, for example, it could be argued that given Latin America's physical characteristics effective and uniform territorial control could only be established by means of air transport. In almost all countries simple airplanes and primitive runways first made their appearance in the 1920s; by the 1950s and 1960s air transport had become a vital and strategic aspect of internal communications and of state affirmation. From the other extreme point of view, however, this type of analysis would be regarded as of minor significance. The spread of modern state organization can, from this standpoint, only be understood if the spread of capitalist forms of social organization at the world level is first delimited. Progress or retrogression in particular Latin American countries would, from this standpoint, always have to be interpreted in the context of an unfolding world system driven essentially

⁹ Dennis C. Mueller has provided a balanced survey of the academic literature in 'The Growth of Government: a public choice perspective', International Monetary Fund *Staff Paper*, March 1987, but the discussion is overwhelmingly focussed on the developed market economies of the OECD, and is not always directly applicable to Latin America.