PART I

INTRODUCTION

I

Republics of the Possible

State Building in Latin America and Spain

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INTRODUCTION

Latin American republics were among the first modern political entities designed and built according to already tried and seemingly successful institutional models. During the wars of independence and for several decades thereafter, public intellectuals, politicians, and concerned citizens willingly saw themselves confronted with a sort of void, a tabula rasa. Colonial public institutions and colonial ways of life had to be rejected, if possible eradicated, in order for new political forms and new social mores to be established in their stead. However, in contrast to the French or American revolutions, pure political utopias did not play a significant role for Latin American institutional projects.

The American Revolution was a deliberate experiment; the revolutionaries firmly believed that they were creating something new, something never attempted before. The French revolutionaries dramatically signaled the same purpose by starting a whole new official calendar from year one. In contrast, Latin American patriots assumed that proven and desirable institutional models already existed, and not just as utopic ideals. The models were precisely the state institutions of countries that had already undergone revolutions or achieved independence, or both: Britain, the United States, France, and others such as the Dutch Republic. Therefore, long before the concept was coined in the twentieth century, Latin American countries were embarking on a very similar enterprise to the one that we describe in our days as state building. Aware of the weakness and instability of their existing institutional arrangements, independent Latin American republics attempted to develop stronger state organizations and stable political regimes by adjusting modern institutions already tried and proven elsewhere to local conditions. Most of such attempts were not successful, neither according to the standards of the time nor to those of our own. Nevertheless, the question of what kind of adaptation can be possible for modern state institutions, in view of local circumstances, was clearly recognized and debated by the middle of the nineteenth century in Latin American public and scholarly opinion. The issue of institutional possibility,

which forms the core of state-building theory and practice in our days, became dominant in Latin American public life. The repeated failures of institutional projects made clear that it was critical to establish new republics in the realm of the possible.

Spain was paradoxically undergoing very similar developments to those affecting Latin American countries, most of them its former colonies, at the same time as they became independent. Napoleon's invasion of Spain and the ensuing War of Liberation triggered, after 1808, a strong break with the past on both sides of the Atlantic. The Bourbon monarchy was dissolved and replaced by Napoleon's brother as King of Spain, a brutal change of regime that local elites attempted to resist in many areas through experiments in self-government. Nevertheless, explosive episodes of popular mobilization and popular insurgency against the French took even the more combative local elites by surprise. New forms of national consciousness developed along popular mobilization. The meeting of a national assembly in Cadiz, and the passing of the first constitution in 1812, was made possible by the revolutionary situation created in the wake of the French invasion.

As a consequence of those years' upheaval, Spain began to address the issue of how to construct more effective state institutions almost simultaneously with Latin American countries. The fragility of the ancien régime was made clear by its utter collapse when confronted by the French invasion. The catastrophe fueled the perception of national decadence, which had been a matter of public concern since at least the beginning of the eighteenth century. Decadence was not only the result of Spain's repeated military defeats in conflicts with other European nations; there was a manifest failure to develop modern public institutions and a successful economy in Spain. Therefore, the Spanish public debate focused from the beginning on the issue that was to plague Latin American countries after a few years of independent life: the perception of backwardness and the subsequent need to "catch up."

In sum, the weakness of state institutions and the failures of public policy projects were very much in the public attention during the nineteenth century in Latin America and Spain. The sense of "falling behind" pervaded Latin America even before the wars of independence were over, particularly in comparison with the United States. Despite the early promise, visitors and inhabitants were soon bemoaning the lack of relative progress and even regression visible throughout the continent. In his *Democracy in America*, Tocqueville went so far as to note that "no nations upon the face of the earth are more miserable than those of South America."[1] The perception of backwardness when contrasted with other European nations was similarly strong in Spain during the whole period, and it became overwhelming at the end of the century. As the famous liberal philosopher José Ortega y Gasset described the problem a few years later, Spain could only be described as *invertebrate* – that is to

[1] Alexis de Tocqueville, *De la Démocratie en Amérique*, vol. 1. ([1835] 1961; repr., Paris: Gallimard, 1986), 452.

say weak and backward – compared to other, advanced European nations.[2] Unsurprisingly, a similar idea of the state as invertebrate, or hollow at the core, has kept recurring in analysis of the problems and setbacks for state building in Latin America.

It is true that at the end of the nineteenth century, Spain as well as the more successful Latin American countries could boast of many symbols of modernity and of diverse successes in the field of public policy and infrastructure. Yet, public institutions remained peculiarly weak. They showed their weakness on diverse levels: fiscal capacity was low, mainly dependent on the kind of taxes that are most easy to collect, such as custom revenues. Internal conflicts in the form of local rebellions, guerrilla warfare, and endemic banditry remained widespread, particularly in areas far from the national capitals. Economic policy was typically precarious and shortsighted: national economies were organized on the basis of the dependence on foreign capital and markets, often focusing on a single commodity, thus dangerously exposed to global market fluctuations. Ortega underlined a common factor resulting in low state capacity and deficient public policy on both sides of the Atlantic: instead of progressively building an elite of highly trained and permanent civil servants, after each election governments massively filled the higher and lower echelons of the public bureaucracy with political partisans. National versions of the spoils system were not just strong; they remained almost hegemonic in the Iberian world at the time.

Then again, political elites in Spain and Latin America would have regarded what they had achieved as particularly significant, and this could even make up for many failures and disappointments. After countless and for the most part violent struggles during the first half of the nineteenth century, liberalism had been finally adopted as the official ideology of Spanish and Latin American political institutions and economic policy at the end of the century. Perhaps understandably, however, the implementation of liberalism showed many fragilities and contradictions: lack of economic infrastructure and industrialization, mere *entrepôt* economies in some cases, as well as democracies that, under the pretense of universal suffrage, were run by oligarchic groups that manipulated elections through massive clientelism and fraud. Beginning with the Mexican Revolution and on through the Spanish Civil War, the political compromises and economic dependencies that had developed during the nineteenth century came apart and ended in political violence, civil war, authoritarian military dictatorships, and widespread economic depression. Liberalism's inconsistencies when confronted with the development of mass democracies

[2] José Ortega y Gasset, "Vieja y Nueva Política," in *Obras Completas Tomo I 1902–1915* (Madrid: Fundación José Ortega y Gasset / Taurus, 2004), 710–737 [public speech given on March 23, 1914]; José Ortega y Gasset, "España Invertebrada," in *Obras Completas Tomo III 1917–1925* (Madrid: Fundación José Ortega y Gasset / Taurus, 2004), 423–514 [first published as newspaper columns in 1917]. See also, Francisco Villacorta Baños, *Burguesía y Cultura. Los intelectuales españoles en la sociedad liberal, 1908–1931* (Madrid: Siglo XXI, 1980), 125.

and its lack of convincing success as economic doctrine concluded with its wholesale collapse in the Iberian world by the 1930s.

In our days, despite a strong wave of democratization for the past thirty years and many efforts toward the construction of successful market economies, the weaknesses of states in Latin America remain no less visible. The concept of *brown areas*, formulated by O'Donnell, has become a widely accepted characterization of the phenomenon. Most Latin American states are unable to enact effective rules and regulations across the whole of their territories – the only partial exceptions being Chile and Costa Rica. Many peripheral areas remain subject to systems of local power, which are personalistic and patrimonial and open to arbitrary and even violent political practices. The same happens in the national capitals themselves: some extremely poor neighborhoods are clearly outside of the rule of law. Crime is rampant, and police interventions in these areas tend to be unlawful themselves.[3] The strong Spanish economic and social development beginning in the 1960s and consolidated after democratization in the 1970s, sometimes described as the "Spanish miracle," tells a different story, but well until the mid-twentieth century the weakness of the modern state in the Iberian Peninsula was not less visible.

LIBERALISM AND THE STATE PROJECT

The present book addresses the politics and techniques of state building. Unlike much of the current literature focused on contemporary developments and crisis, we discuss the lessons of history for a better understanding of present-day predicaments. The book reconstructs state-building ideas and practices developed and implemented during the nineteenth and early twentieth century in the Iberian world, the first region where state building was carried out as a deliberate national project. What is more, it was a very specific political group, the Liberals, that attempted to put into effect those political and institutional projects. Therefore, we trace the politics and techniques of state building from the beginning of independent life to the debacle of liberalism that took place in the first third of the twentieth century in most parts of Latin America and Spain. We argue that, in order to understand the travails of the state in our days, it is necessary to analyze the previous period of liberal hegemony, the *long* nineteenth century. These are the cases that offer us the best historical opportunity to understand the frustrations and disappointments experienced by large parts of the world with the consolidation of a modern democratic state in our days.

The process and time period in question suggest a number of parallels with the challenges facing new states since then. First, states arise in most cases following the collapse of previous authority and the economic infrastructure of societies. They often begin their institutional lives in chaos and economic

[3] Guillermo O'Donnell, "Why the Rule of Law Matters," *Journal of Democracy* 15 (2004): 32–47.

deprivation. Specifically, the domestic context into which states were built in the Iberian world was one of deep inequality and social or ethnic heterogeneity. As with many contemporary cases, many of these states were expected to manage far too large territories, with far too varied a population, with far too few resources. Another shared element between those early state-building projects and the current efforts involves a legacy of international recognition and noncompetition for territory, which allowed them to avoid the semi-Darwinian geopolitical struggles characteristic of early state building in Europe. Much as in the contemporary era, these states were "deprived" of the opportunity to develop their institutional muscle through military confrontations for survival. Nowadays, the international community flatly refuses to recognize territorial expansion by conquest, so such wars have become impossible or at least very rare. For different reasons, but with the same result, Latin American states in the nineteenth century did not try to wrest vast territories from their neighbors – as was instead considered appropriate in Europe until the first decades of the twentieth century. Spain's territorial integrity was not threatened either during the nineteenth century: the country was not involved in major foreign wars from the end of the Napoleonic invasion to the War of Cuba in 1898. The international community restrained Spain's only aggressive neighbor, France. The purpose and focus of the Spanish military was therefore political power as well as internal repression, much as in Latin America during the same period.

Finally, again as in the contemporary globe, states in the Iberian world arose with a set of normative expectations regarding their obligations to their populations and the manner in which they ruled. In general, the development of new states in the nineteenth century was characterized by what Laurence Whitehead – following Francois Xavier Guerra – calls *precocity*: having to meet challenges and attain goals far ahead of their institutional development. The same problem of high normative expectations against low institutional development has affected state-building projects ever since.

The chapters included in this volume attempt to provide a historical foundation for understanding key processes and challenges of today. We address several questions, taking if possible some steps toward their answer. To what extent do historical legacies determine the capacity and reach of states? What are the obstacles to and paths toward the effective organization of political power? How can states best design and create the institutions meant to provide the basic services now associated with citizenship? How can we put together notions of community that include diverse groups and cultures within a single identity while also respecting the integrity of particular traditions? The Iberian world in the nineteenth century was arguably the first regional stage on which these organizational and political dilemmas that still haunt states today were faced. In order to begin confronting these issues adequately, it is necessary to discuss the circumstances in which many of them arose.

The first widely accepted account of the fragility of states in the Iberian world was provided by the "black legend" of a cultural curse that can be found

already well developed in the nineteenth century, and which had its proponents in and out of the Iberian world – the work by Claudio Véliz would be the best contemporary example.[4] For Spain, the "national character" explanations of Iberian exceptionalism have had many advocates, from Unamuno to Sánchez Albornoz. Around the fifties in the twentieth century, a *dependentista* critique of this perspective began to develop. Simplifying what was always a fairly heterogeneous school, this perspective held that Latin America's relative failure came from not having broken enough with a colonial, as opposed to an Iberian, past.[5] The political and economic models, which dominated the discussion for several decades, were derived from the region's position in the world capitalist system. A parallel argument placed Spain and Portugal in a similar marginal position.

The last decade has witnessed an explosion in creative studies of colonial legacies and their consequences. A significant group of scholars has debated the reasons for the relative difference in "performance" between the ex-Spanish and British colonies. Stanley Engerman and Kenneth Sokoloff began the debate with their argument over factor endowments.[6] In an interesting twist on Whig history, they proposed that the small farmer settlements focused on grain in North America – as opposed to commodity production in Latin America – provided the critical basis for two foundations of later success: less inequality and racial homogeneity. These in turn contributed to a more responsive and institutionalized form of democratic rule. Yet, as North, Summerhill, and Weingast point out, the factor endowments perspective fails to take into account the political chaos that most of the Iberian world suffered during the nineteenth century.[7] Moreover, it fails to explain the subsequent transformation of other cases suffering from not dissimilar endowment legacies such as the postbellum and particularly post-1950 U.S. South, and, of greater relevance, the Spanish transformation after the 1950s.[8] North and his colleagues focus much more on the failure of Iberian institutions to resolve the various political dilemmas

[4] Claudio Véliz, *The Centralist Tradition in Latin America* (Princeton, NJ: Princeton University Press, 1980); Claudio Véliz, *The New World of the Gothic Fox: Culture and Economy in English and Spanish America* (Berkeley: University of California Press, 1994).

[5] Fernando Henrique Cardoso and Enzo Faletto, *Dependencia y desarrollo en América Latina* (México: Siglo XXI Editores, 1969); Peter Evans, *Dependent Development: The Alliance of Multinational, State, and Local Capital in Brazil* (Princeton, NJ: Princeton University Press, 1979).

[6] Stanley Engerman and Kenneth Sokoloff, "Factor Endowments, Institutions, and Different Paths of Growth Among New World Economies," in *How Latin America Fell Behind: Essays on the Economic Histories of Brazil and Mexico, 1800–1914,* ed. Stephen Haber (Stanford, CA: Stanford University Press, 1997).

[7] Douglass C. North, William Summerhill, and Barry Weingast, "Order, Disorder and Economic Change: Latin America vs. North America," in *Governing for Prosperity,* ed. Bruce Bueno de Mesquita (New Haven, CT: Yale University Press, 2000).

[8] The parallels between parts of Latin America and the U.S. South are intriguing: plantation economies, racial divides, persistence of rural oligarchies, and so forth. We have not been able to find a political economic comparison of the two regions, but we hope one will soon appear.

facing them in the nineteenth century. The emphasis here is on the absence of order necessary to construct a viable society. The Latin American societies as well as Spain in the nineteenth century quite nicely fit into what North, Wallis, and Weingast have more recently termed *limited access* societies where an equilibrium was established in which threats of violence, political patronage, and economic rents precariously balance one another without an underlying institutionalized and impersonal order.[9]

None of these perspectives succeed in opening up the black box of institutional failure. The Iberian world was transformed from 1810 to 1900, yet many of the same governance challenges persisted. Coatsworth has noted that despite the considerable economic progress seen in the region during the nineteenth century, "legal codes, judicial systems, fiscal burdens, commercial regulation, and governing structures" as well as even more basic state capacities were vastly underdeveloped.[10] Payne has offered an excellent summary of the reasons for liberal frustration in Spain that sound remarkably like the problems facing Latin America during the same time period. Among other factors, Payne discusses the unwillingness of the elite to reform the political system in keeping with the economic and social development of the country; from the 1890s on, the governing oligarchies of the Liberal and Conservative parties utterly failed to expand and reform themselves, or to incorporate new goals and interests.[11] Spain had a relatively large middle class at the time, actually larger than in half the countries of Europe, but the middle class displayed a characteristic lack of entrepreneurial, bourgeois, or modernizing psychology. It was further weakened by the divisions caused by the increasingly antiliberal stance of the Catholic Church, which had a considerable following among the middle and upper classes and to some extent in the government.[12]

In Latin America and Spain the state remained fragile for the whole nineteenth century, and it remains weak in Latin American countries to this day. As mentioned previously, the standard explanations for state weakness in the Iberian world are partial and unsatisfactory. The present book explores the question and tries to offer some answers of its own. We begin in the next section by providing a theoretical account and analysis of what states, as institutional actors, are supposed to do. The account is organized around diverse tasks and basic public policy programs that states can either carry out or fail to do so.

[9] Douglass C. North, John Joseph Wallis, and Barry Weingast, *Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History* (New York: Cambridge University Press, 2009).

[10] John Coatsworth, "Inequality, Institutions and Economic Growth in Latin America," *Journal of Latin American Studies* 40 (2008): 545–569, 559.

[11] Stanley Payne, *A History of Spain and Portugal*, vol. 2, (Madison: University of Wisconsin Press, 1973), 499.

[12] Ibid., 599, 604.

DIMENSIONS OF STATE STRENGTH

Why is it important to focus on the state?[13] Obviously, the state matters when it uses illegal violence against either its own population or that of another state. Few would question the importance of states in times of international conflict or internal oppression. But the state fulfills basic roles in areas where its participation may not be obvious at first sight. To begin with, markets are impossible without states. For even the most basic markets to work, some authority must exist that guarantees property rights and enforces contracts. Modern states are capable of using their control over violence in a territory to guarantee that exchanges can take place with some degree of assurance and predictability. Sometimes the state itself becomes a source of unpredictability, but we only stress here that states are *capable* of guaranteeing contractual exchanges, not that they always do. Second, without states there can be no citizens and no personal rights. It is commonplace to think of the repressive power of the state as limiting individual autonomy and freedom. However, the state's collective force also serves to guarantee the basic rights of citizens. Without a state there can be no courts in which to exercise civil rights; without a state there are no organized contests for leadership in which to exercise electoral rights; and without a state those most in need of social protection and support will have to depend on the kindness of strangers.

If the proposition that effective states are essential for promoting broad-based development is now widely accepted, we still do not understand well what makes states effective. The political and sociological literature regularly uses the concept of *state capacity* and related terminology and ideas, such as *strength*, *power*, and *stability*. The notion of state capacity has existed for decades and was obviously a central element in much of nineteenth-century German social theory, but it became a regular part of developmental literature only in the 1980s. The notion of state capacity is self-evident and deceptively simple: the problem comes from attempts to use it in a systematic manner across a variety of cases. What is it that states do, and how can we trace the development of these various capacities across a century in Latin America and Spain? Combining a variety of proposed typologies, from Weber to Bourdieu and Mann, we discuss four different types or categories of state capacity and state strength.

The first we call *territoriality* and involves the classic Weberian notion of monopoly over the means of violence. Note that we explicitly do not specify the legitimate use of that violence as we wish to distinguish between a simple capacity to coerce from the much more complex notion of justifying such coercion. This is Michael Mann's *despotic power* at its most fundamental; the power that state elites are able to exert over civil society without having

[13] Much of this section was developed in conjunction with Centeno's work with Elaine Enriquez, Atul Kohli, and Deborah Yashar on the Princeton Network on State Building in the Developing World. (https://deptbedit.princeton.edu/statebuilding/).