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# REFLECTIONS ON THE PATTERNS OF CHANGE IN THE BUREAUCRATIC- AUTHORITARIAN STATE

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*Note: I presented the original version of this work at the "Seminar on History and Human Sciences," held at the University of Campinas, São Paulo, Brazil, May 1975. In August 1975 it appeared as Document No. 1 of the series CEDES publishes for the "Working Group on the State" of the Consejo Latinoamericano de Ciencias Sociales (CLACSO). The version presented herein was prepared in December 1976. Despite all that has happened since, I have restricted myself to corrections of style and to doing away with some unnecessary paragraphs, following the useful suggestions of LARR's reviewers. In other words, I have overcome the temptation to rewrite this work, which I might have done, above all, to emphasize even more the attempts to stabilize economic variables (including but not limited to inflation) of the period I call the "orthodoxy" and expressly to admit the possibility that cases such as Chile and Uruguay may turn, in a socially even more oppressive sense than the "deepening" that I deal with here, towards a "re-agrarianization" or a "re-primarization" of their productive structure. I would also like to think that today I could present a more sophisticated approach to the theoretical problems surrounding the concept of state. But it is not a question of extemporaneously introducing these considerations here—considerations that owe much to criticisms received on the original version of this article—but, instead, of making timely presentation of them in future works. One explanation is necessary on a point that has led to some misunderstanding: when I speak of "mutual indispensability" I am referring to the relationship that exists between the bureaucratic-authoritarian state (once implanted) and international capital. In contrast, when in other works (above all, Modernization and Bureaucratic-Authoritarianism) I have dealt with the factors that tend to provoke the emergence of this type of state, I have speculated on its "elective affinity" with a certain type of capitalism and its crises. The difference is subtle but important, because it not only refers to two temporally different moments but also because it indicates the distance separating what is mutually indispensable (once the state has been implanted) from a strong but undetermined likelihood (before implanting it) that still leaves room for purposeful political action.*

## ALTERNATIVES FOR THE CONCEPTUALIZATION OF CHANGE

The effort to formulate concepts to explain and describe the process of political development has not been in vain, but there is little doubt that it has failed. It is not my purpose to expose once again the mistaken assumptions that were implicit in the effort nor to harp on the distortions introduced by the idea that

the future of all political systems was inevitably, if not immediately, something resembling Anglo-Saxon democracy. This demolition work, as with that for versions of "vulgar Marxism," a rival model, already has been done. What matters now is the more difficult and interesting problem of exploring how and where to address our inquiries. The concepts of both political development and vulgar Marxism had the advantage of providing simple answers to questions such as which were the principal factors of change, who were its agents or dynamic bearers, and what was its direction.<sup>1</sup> These are general theories of change in the twofold sense that each claims to provide sufficient explanation of its occurrence and direction, and that the postulated model is supposedly applicable to the unit of analysis (the contemporary nation-state), no matter what the value or ranking of the factors that these concepts consider relevant. It would seem that their failure is not only a function of their content, but also, given the present state of our knowledge, of their daring claim to elaborate a general theory.

This leaves a theoretical void that is difficult to fill. Among the strategies that surely are inadequate is the mere accumulation of case studies impelled by an empiricist illusion that the sum of information will, brick by brick, produce an alternate vision. Neither can a solution be found by elevating concepts that refer to authentic and important problems (e.g., corporatism, dependence, accumulation of power in one political center) to the category of smuggled substitutes for a general theory, in the sense that they could by themselves describe and explain the fundamental characteristics and trends of the case being analyzed. Here the problem is the result of an unwarranted jump in the level of analysis, which has, among others, the important consequence of freezing perception around what the exaggerated central concept postulates as the society's alpha and omega. Thus, not only was Latin America always "corporatist," but the events of the last decade have been nothing more than the return of our countries to a corporatist tradition, the mode of development from which we had strayed due to the impact of concepts exogenous to that tradition.<sup>2</sup> Or, "dependence" explains so much so fully that it becomes senseless to question how it is linked with factors whose dynamism is far from being the mere reflection of dependency itself.<sup>3</sup> Or, the problem of effective command over a territory so displaces any other issue that it no longer matters for whom, for what, and at what cost a central power is formed.<sup>4</sup>

To overcome these conceptual dead ends, it is necessary to historicize the social sciences, or, equivalently, to structure the history we write; that is, we must make of the historical *tempus* the sites on which structures are analyzed. These must be chosen in terms of their presumed fruitfulness in explaining the present and predicting changes. What these problems and structures are, and whether or not they are useful simplifications, depends on the capacity to select and put forth the issue to be investigated and to learn from the course of its historical evolution. As a consequence, the boundary between the historian and the social scientist, as well as the limits between the social science disciplines of economics, sociology, and political science, is obscured. Of course, a danger lies in the need to know everything about everything, which ends in a superficial

encyclopaedism that can only provoke the sarcasm of those who have taken refuge in their specialities. That there is an alternative has been proven in our time, not just in those classics such as Marx, Weber, and Hintze, but in more recent efforts as well.<sup>5</sup> Such works employ what Cardoso and Faletto call a "historical-structural" approach, an instrument for posing questions that are in themselves simple, although the answers are complex. These studies investigate interrelationships through time between a system of forces and social relationships—capitalism—and its mutually consistent political domination patterns. Let it be noted that, although these works depend on general notions that are being enriched by analysis (what is capitalism and domination), their referents are historically situated. It is neither "any" nor "all" capitalism, but certain types of capitalism within which specific cases are recognized.

It is from specific cases and types that these authors ask about patterns of socioeconomic change and contrapuntal relationships with systems of political domination. We derive intellectually manageable and communicable knowledge from these studies because the initial *problématique* leads to the selection of some aspects or factors (development of productive forces, class formation and articulation, insertions in the international context, formation and enforcement of political alliances and of the national state) that operate as conceptual promontories around which both the data and other, less central, concepts can be managed. This in turn is a necessary condition, first for describing changes in such aspects and in the form in which they combine to shape historical cases and types of societies and, second, for exploring with some possibility of success the causal regularities underlying those changes. To be sure, it can always be argued that the initial problems are irrelevant or that the inquiries are aimed at a false problem; also, it may be that the structural concepts (by which I mean an aggregated analysis not especially interested in psychological or cultural interpretations) are mistaken. But in that case, at least, we can know if we disagree from within or without a given *problématique* and general strategy of analysis.

My major interest lies in the study of certain authoritarian domination patterns that I have called "bureaucratic-authoritarian."<sup>6</sup> The central contention holds that the rise, social impact, and dynamics of these phenomena cannot be understood without exploring their close and systematic relationship with the structure and change patterns of a particular type of capitalism. It is a matter of complex linkages, varying over time and nonreducible to a single causal direction, among economic and political factors—ones that decisively influence the general direction of change in societies sharing a certain type of political domination and capitalism. The aspects or dimensions that typify those societies should also be the elements that help explain those directions. Of course, this does exclude the possibility that in a more complete theoretical framework other aspects may be incorporated that allow us more fully to describe, understand, or explain those changes; it may also be advisable to make explicit, by means of detailed case studies, the historical-empirical support of the generalizations that must be handled at this level. This cannot be done here. Indeed, this article contains only the skeletal bones and the most indispensable references to the material gathered in research guided by the theme. I am confining myself to

those factors that seem most crucial for explaining the changes I wish to discuss. This is due partly to space limitations but, above all, to the hope that it may be useful to emphasize certain politico-economic relationships, although they comprise only one part—albeit a particularly important one—of the conditions necessary to understand and explain the tendencies and direction of change in certain contemporary Latin American countries.<sup>7</sup>

#### THE BUREAUCRATIC-AUTHORITARIAN STATE

The term "bureaucratic-authoritarian" (BA) has no aesthetic virtue. However, it is useful in suggesting certain characteristics used to define a type of state that must be distinguished from others—also authoritarian—that have been more extensively studied (traditional authoritarianism, populism, and fascism).<sup>8</sup> In Latin America the BA state arose in the sixties, first in Brazil and Argentina, then in Uruguay and Chile; we shall see later that it also cropped up in Europe (Greece) and that its emergence can also result from the transformation of other forms of authoritarianism already in existence (Mexico and Spain). The defining characteristics of the BA state are: (a) higher governmental positions usually are occupied by persons who come to them after successful careers in complex and highly bureaucratized organizations—the armed forces, the public bureaucracy, and large private firms; (b) political exclusion, in that it aims at closing channels of political access to the popular sector and its allies so as to deactivate them politically, not only by means of repression but also through the imposition of vertical (corporatist) controls by the state on such organizations as labor unions; (c) economic exclusion, in that it reduces or postpones indefinitely the aspiration to economic participation of the popular sector; (d) depoliticization, in the sense that it pretends to reduce social and political issues to "technical" problems to be resolved by means of interactions among the higher echelons of the above-mentioned organizations; and (e) it corresponds to a stage of important transformations in the mechanisms of capital accumulation of its society, changes that are, in turn, a part of the "deepening" process of a peripheral and dependent capitalism characterized by extensive industrialization.<sup>9</sup>

A question raised by this type of authoritarian state is, of course, that of explaining its emergence; this theme has received the greatest attention thus far. Another problem is to describe its workings and social impacts and, proceeding from this base, to offer reasoned speculation on the future of the society in which that state is implanted.<sup>10</sup> That these problems are not identical is apparent in considering that the social supports for the emergence of the BA may have a role in explaining that event; but when dealing with the repercussions that follow, they must be employed again (now as part of a different conceptual problem) in the descriptive-explanatory scheme of how that state functions and what impact it has on its society.

The BA state is, to a large extent (leaving aside Mexico for the moment), a reaction to extended political activation of the popular sector.<sup>11</sup> This activation is perceived by other classes and sectors as a threat to their societies and to their international affiliations. These processes are linked with numerous manifesta-

tions of economic crisis—rising inflation, declining GNP and investment rates, flight of capital, balance-of-payments deficits, and others—which characterize the period prior to the appearance of the BA. Such a situation is antagonistic to the objective needs of stability and social predictability of any complex economy. However, the economic and political crises that precede the BA admit variations from one case to another that have repercussions on the specific characteristics of the BA that results. One crucial factor is the level of the popular sector's activation. It can generate, as in Chile, the perception of the imminent demise of society's socioeconomic parameters, based on the acceleration of conflicts as well as on the declared intentions of the political movements through which most of the popular sector expresses itself.<sup>12</sup> At the other extreme—Argentina prior to the 1966 coup—the threat may appear less immediate. Popular activation was closely connected with the political proscription of *peronismo* and with the erratic socioeconomic conditions of the 1955–66 period; this, added to the impact of the Cuban Revolution and the external and internal counteroffensive to which it gave rise, nourished wide support for establishing the BA.<sup>13</sup> But the explicitly anti-Marxist orientation of *peronismo* and the Argentine unions, favoring class integration and national capitalism, led to an important difference from the Chilean case: in Argentina the “victory of communism” seemed less imminent and, moreover, more as an outcome toward which the continuation of “social chaos” tended than a design impressed on the intentions of those who led the popular political activation. In both countries, the implantation of the BA expressed and made use of a scare reaction against the alleged advances of subversion; but in Chile 1973 and in Argentina 1966, the different intensity of this fear was a function of the distances between what appeared as imminent and intentionally explicit and what was seen as further removed in time and unwanted by the popular sector's main political leaderships.

Brazil in 1964 appears as an intermediate case if we recall, in contrast to Argentina, the actions of persons such as Brizzola and Goulart (who seemed willing to mobilize the state's resources to radicalize the popular sector), as well as the incidents involving the armed forces' noncommissioned officers.<sup>14</sup> What do these differences in the threat level imply? The general answer is that the greater the threat level, the greater the polarization and visibility of the class content of the conflicts that precede implantation of the BA. This, in turn, tends to produce a stronger cohesion among the dominant classes, to prompt a more complete subordination of most middle sectors to them, and to provoke a more obvious and drastic defeat of the popular sector and its allies. This can be specified in several ways.

First, a higher threat level lends more weight, within the armed forces, to the “hard-line” groups not preoccupied, as was President Juan Carlos Onganía in Argentina (1966–70), with the immediate achievement of “social integration.” Second, and closely connected, a higher threat level leads to a greater willingness to apply and to support a more systematic repression for the attainment of the political deactivation of the popular sector and for the subordination of its class organizations, especially the unions. Argentina (1966), Brazil, and Chile in the periods that immediately followed the beginning of their BA regimes, show

a clear crescendo in these respects. A third implication is that, for reasons related to the subject of economic orthodoxy that will be discussed later, the broad alliance that supports the BA's implantation does not take long to disintegrate. In the stage subsequent to the coup, various social sectors make the bitter discovery that they are not included on the list of the BA's beneficiaries, except in the negative sense that the new regime seems to have eliminated the threat that mobilized them to support the coup. Many layers of the middle sectors, especially those on the state's payroll and owners and employees of small and middle-sized firms, see their incomes reduced and their employment imperiled. Even the national bourgeoisie (as I choose to call the fractions that are owners of the larger and more dynamic industrial and service firms with total or a majority of national capital) finds itself, *in this initial stage*, faced with a state which seems to favor only international capital and to be willing to carry out a drastic economic "rationalization" posing serious risks for that bourgeoisie. The state and international capital form, in this initial stage of the BA, a duo that not only excludes the popular sector but is almost deaf to the expectations and immediate interests of many of its original allies.

The discontent of those who back a coup, the results of which prove far from their expectations, does not translate into an immediate political problem for the BA. Discontent has to be acknowledged subjectively, it has to organize itself politically, and it has to give rise to a broad spectrum of alliances for seriously challenging the BA. This requires time, and time is also a function of the threat level. First, the higher such level, the more intense and long-lasting will be the gratification resulting from the very elimination of the threat. Second, a high threat level induces both the initial application of repression and the willingness to continue to apply it. Third, greater repression systematically beheads popular sector leadership and leads to the outright elimination or at least stricter control of its organizations. And fourth, a serious challenge to the BA cannot be mobilized without the participation of the popular sector.

To put it differently, it is improbable that the new domination system will totter without a reconstruction of alliances that, besides including some of the sectors disillusioned with the BA, does not also include important elements of the popular sector. Thus, after having promoted the installation of an exclusion system, the national bourgeoisie and various layers of the middle sectors must start on their road to Damascus in the direction of the popular sector if they are to forge an alliance that can effectively challenge the BA.<sup>15</sup> Until they do so, they remain in a political limbo not too worrisome for the new system of political domination; such has been the case in Chile. In Argentina that road was soon traversed. There it was possible because the national bourgeoisie and most of the middle sectors turned to a popular sector that, despite its worrisome political activation, through its peronismo had spoken and continued to speak of class integration and of development centered around the state and national capital. Also, because of the lesser repression applied against the unions (a function of the threat level), popular leaderships were left endowed with an organizational base capable of supporting the alternative of national capitalism proposed by the repentant early supporters of the BA. In contrast, when sharper social conflicts

prior to the BA further bare the class content of the popular activation and their political and organizational expressions put forth more radical options, other sectors are walled in between their disillusion with the BA and their fears about the road along which their possible popular allies could lead them. In such cases, besides, a more widespread and systematic repression and stricter control of the communications media place obstacles in the way of building the necessary alliances.<sup>16</sup> That is why, in cases of a high prior threat level, the BA has more time until the appearance of an alliance than can effectively challenge it.<sup>17</sup> This indicates that the situation contains a crucial time component, the consideration of which we must leave for the moment.

#### ON THE DEEPENING OF DEPENDENT CAPITALISM

Long before the BA's inauguration, these countries were far from the archetypal image of underdevelopment. In another work<sup>18</sup> I have argued that Brazil, Mexico, and Argentina—above all—had attained an extended but vertically un-integrated industrialization. They also had a highly modernized urban social structure with an important working class concentration that permitted the emergence of organizational supports for the urban sector's political activation. The size of the internal market seems to have been decisive in determining the degree to which industrialization advanced in Latin America during the sixties; similarly, it helped determine the extent to which the old external investment pattern, linked to the exporting sector, was displaced by the settling of industries and services oriented to producing and selling in those markets. All of this, along with the consequent changes in the dependent insertion of our countries in the world capitalist system, is well known and need not be repeated here.<sup>19</sup>

It is worthwhile to insist on a characteristic emphasized by Hirschman:<sup>20</sup> our countries have followed an industrialization process different not only with respect to the Anglo-Saxon, but also from the nations which Gerschenkron termed of "late industrialization."<sup>21</sup> In the latter the decisive role was played at an early stage by highly concentrated industries with high capital density and close connections with national (public and private) finance capital. In contrast, as Hirschman points out, in Latin America industrialization took place in a markedly sequential pattern, beginning by giving the "last touches" to simple consumer goods, the first, "easy," stage of import substitution. It continued with increases in the locally added value to those products and the inception of the manufacture of durable consumer goods. Of course, the process was not that linear; it was accompanied by some development of physical infrastructure and energy sources and—although insufficient in connection with the required supply—by the beginning of the production of some intermediate inputs. The initial expansion of industry (and the market) was horizontal, in that it was based principally on the growth of consumer goods produced locally, as well as on the number of those who could afford them. Here there is a scarcely accidental coincidence with the process of controlled but very real popular political activation and the displacement of the hegemony of the primary-exporting sector, studied under the heading of populism.<sup>22</sup>



In this stage the barriers to entering the market were low. To a great extent the demand already had been created by imports and the production of simple industrial goods entailed small requirements of capital, technology, and organization. The political and economic euphoria of this first horizontal expansion lasted briefly and led to the appearance of many symptoms of crisis: balance-of-payments pressures, inflation, negative redistributions of income, and others that interplayed with an increasingly more manifest political crisis. These years coincided with the onset of the Cuban Revolution, with the attempted responses of both the Alliance for Progress and national security doctrines, and with changes in the world capitalist system marked by a vastly expanding role of the transnational corporations (TNCs).<sup>23</sup> These TNCs displaced traditional primary investments in favor of industrial production and services in numerous markets. Part of their expansion was their interest in Latin America as a market for their activities, especially the larger, more populated and potentially wealthier countries. This was the time in which *desarrollista* governments favored the entry of these corporations, which fostered the deepening of the urban productive structure toward activities that were more complex and more removed from final consumption. Consistent with the sequential character of Latin American industrialization, it began the production of the first petrochemical products, automobiles, and some machinery and equipment—all of these epitomizing the industrial growth of Latin American countries with large internal markets around 1960.<sup>24</sup>

We should note briefly some consequences of this process: the emergence of new power constellations (not only economic) centered around the TNC subsidiaries that, through the forward and backward linkages of their activities, subordinated numerous national firms both financially and technologically; such subordination seems to have facilitated a greater growth rate for the national firms thus linked than for those controlled by the rest of the local bourgeoisie; such growth rates were even greater for the TNC subsidiaries;<sup>25</sup> the deep impact that this veritable restructuring of the economy produced in the characteristics of the local bourgeoisie and internal cleavages within the working class (and, to a large extent, in the middle sectors as well) resulted from the greater dynamism of those segments of international capital and of the better wages and salaries they pay.<sup>26</sup> In addition, the new activities raised the barriers to entry to the market in terms of capital, technology, and organization, thus excluding many local firms that had been able to overcome such obstacles in the previous stage. State and international capital appeared as the only ones capable of initiating the new activities. Efforts were made to attract the industrial and service TNCs to realize an economic expansion that supposedly would solve the problem of underdevelopment along with the problems of erratic and declining economic growth, recurrent balance-of-payments crises, ever-failing stabilization plans, and the popular sector's increasing autonomy of corporatist controls imposed by populism. Such expansion would also calm the fears of the internal and external dominant sectors before the threat of a more generalized crisis implied by those visible aspects. Far from being the panacea sought, however, this first wave of international capital into production for the domestic market transposed and

made more acute the social crisis already manifest in the first stage of import-substituting industrialization; completed the liquidation of the (international and national) exporting sector's supremacy; generated intense repercussions on the profile and articulation of all the classes; and deeply penetrated a state that simultaneously entered into a crisis of which the popular political activation was only its most obvious manifestation.

Later, promoters of the BA tirelessly repeated that their task was to capture and make the state apparatus "fit" and, from there, to reorganize and impose "order" on a society whose characteristics have been adequately described in political terms by Huntington's concept of mass praetorianism,<sup>27</sup> and sociologically by Apter's notion of the randomization of social relationships.<sup>28</sup> But such order was not metaphysically predetermined. It had a concrete social content that was a function both of the great transformations resulting from the processes just outlined and from the problématique arising from the direction toward which these capitalist economies tended to be further deepened. In particular, if the difficulties of the external sector restricted the growth of the economy, if the first wave of the TNCs oriented toward the domestic market made the problem more acute, and if the balance-of-payments difficulties were exacerbated by inflationary problems that reverberated into increasingly acute sociopolitical crises, then the succeeding "development stage" had to aim at one central goal: attaining the domestic production of those goods (industrial inputs, equipment, eventually technology) the import demand for which had increased swiftly with the first entry wave of the TNCs. That is, the sequence seemed to continue with the extension of the communications infrastructure and energy sources and, above all—with some variation from one country to another—the creation or drastic expansion of intermediate and capital goods industries. This would supposedly have a doubly favorable effect on the problems of the external sector. On the one hand, a new import substitution stage, after premature announcements of its "exhaustion," would eliminate items that represented heavy balance-of-payments liabilities. And on the other, by generating a more vertically integrated industry, it would open the door to future exports.

The movement toward basic industrial production that would significantly increase the degree of preexisting vertical integration is what I call the deepening of industrialization (and generally of the productive structure) of countries which already had a complex and extensive if poorly integrated industrialization.<sup>29</sup> To be sure, there is no metaphysical need to "deepen" in this fashion, nor is the door to the club of international capitalism's central countries open at the end of such a road. But in terms of the conditions of international trade and of the worldwide supply of investments and technology, reinforced by the impossibility of considering noncapitalist alternatives on the part of those classes and sectors that consolidated their domination by means of the BA, this deepening appeared as the best possible direction to take. This also seemed politically indispensable, since the constant balance-of-payments difficulties and poor vertical integration of industry undoubtedly had been connected with the economic crises that had nourished the threatening political process that the implantation of the BA sought to extirpate.

We now approach a central question. What conditions were necessary for this deepening to take place; which were the political and social correlates of this new stage of a capitalism whose dependence and heterogeneity originated in its role as exporter of primary products to the world market and were transposed later to the specificity of a sequential industrialization that was speedily invaded and energized by the most advanced segments of international capital? Here we must proceed with care. These new industrial activities could only be undertaken, with few exceptions, by the state and international capital—not only because the deepening investments had a longer maturation but also because of their greater technological requirements. Thus, making possible these investments implied provoking fundamental changes in the society's capital accumulation mechanisms, guaranteeing to the large organizations capable of carrying them out not only an important rate of profit but also the continuity of profits that would make them really attractive.

Certainly the years prior to the BA were ones of sizeable profits and capital expansion, especially for the TNC subsidiaries. At the same time, during the years of GNP stagnation or decline which, more often than not, were marked by high rates of inflation and social conflict, there was an acute contraction of private domestic investment<sup>30</sup> while transfers abroad of profits and other items by subsidiaries of the TNCs swelled.<sup>31</sup> Meanwhile, public investment only very partially compensated for the compound effect of these problems. That is why before the BA, despite the high rates of profit in most of their dynamic sectors, these capitalisms rarely satisfied the essential function of transforming accumulation into productive investment. Thus it is not accidental that one of the BA's main concerns becomes the growth and maintenance of private investment, as well as increasing the quantum and multiplier effects of public investment. This is nothing less than attempting to rebuild, perfect, and stabilize the mechanisms of capital accumulation. But to this, as with the subject of "order," one must immediately add that its social content cannot be abstractly understood. How, for whose benefit, and with what social impacts these changes were to take place was largely determined by what I have termed the deepening of the productive structure.

In effect, the great and complex investments of the new period had to be executed by large organizations financially capable of waiting quite lengthy periods of maturation. In addition, these new industries, by providing the machinery and the inputs for the consumer goods industries, would force a complex reshaping of the latter. Finally, if one of the aims was to begin a flow of industrial exports, it was necessary to guarantee stability in some of the institutional mechanisms—typically, promotion systems and exchange rates—that had varied erratically in the previous period.<sup>32</sup> In sum, the greater intrinsic complexity of the new activities extended the period of time during which the macro- and micro-economic decisions might be taken that would impel the deepening process. In addition, the agents capable of carrying them out—the subsidiaries of the TNCs and the state itself—are complex organizations subject to highly routinized criteria (and, in the case of the former, additionally linked to the transnational planning of their home offices) that reinforce the tendency to

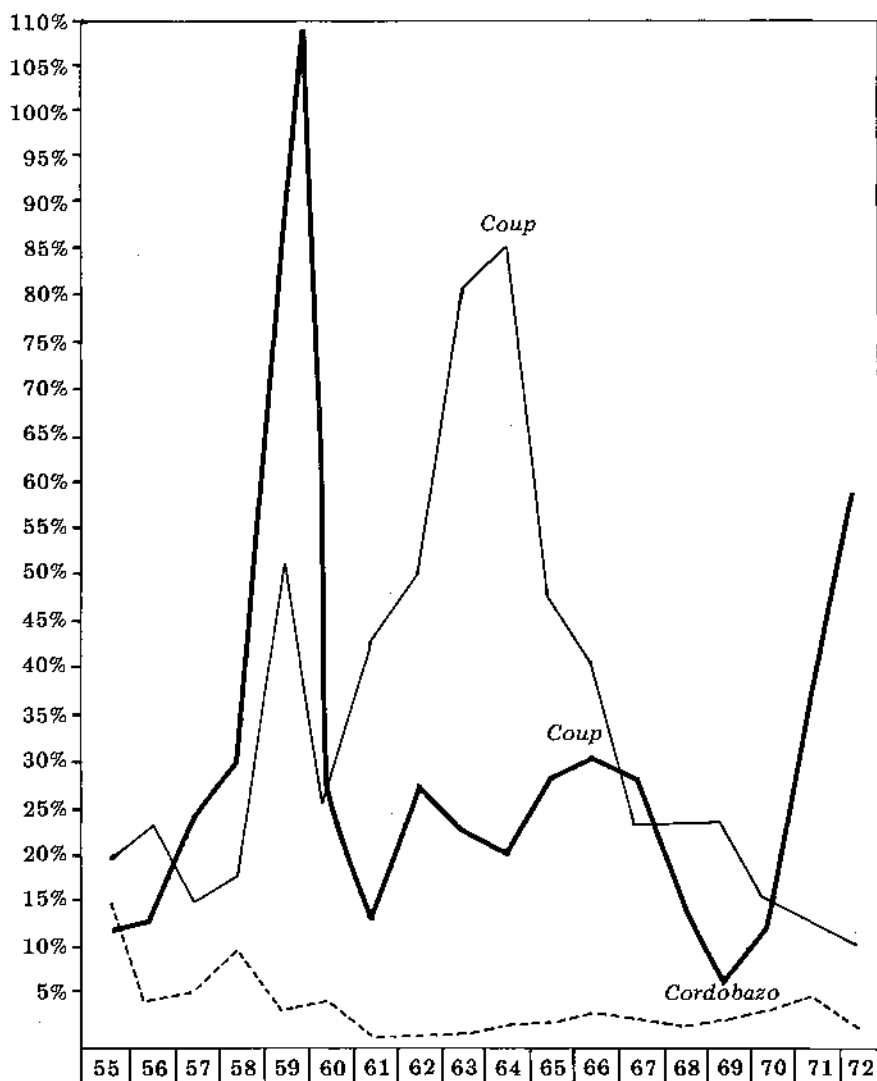
require a high degree of *future certainty* concerning the factors decisive for determining the results of investment decisions. That the political and economic processes prior to the BA were far from guaranteeing such certainty and predictability is obvious. It also seems evident that their attainment is an objective requirement for the deepening. Such a requirement seems a function of the degree of complexity of any economy,<sup>33</sup> but here it is important to explore those specific characteristics expressed in our societies.

The years prior to the BA were periods of acute uncertainty concerning the future situation of the social context. The sensation of threat was one of its indications, as was the evident impossibility of guaranteeing continuity of public policy and of controlling elementary economic fluctuations. A state dancing at the rollings of civil society could not undertake the deepening nor attract the international capital that would have made it possible. A first consequence already has been hinted at: eliminating the threat entailed politically by deactivating the popular sector, beheading its leadership and curbing its autonomy vis-à-vis the state and the dominant classes. This in turn was a necessary condition, first, for the elimination of important political obstacles for the reconstruction of capital accumulation mechanisms and, second, for the weakening of workers' organizations at the factory level<sup>34</sup> which would guarantee the social peace necessary for these faltering capitalisms to obtain new transfusions of international capital.<sup>35</sup>

Another consequence is still more directly connected with the functioning of the economy. Exclusion of the popular sector led to "order" (or, to be less euphemistic, to the stabilization of the domination relationships that had been shaken during the period prior to the BA) and also created conditions to control economic fluctuations. This was, in turn, the basis for the guarantee of predictability. For the bourgeoisie, the problem was not so much a declining GNP or a high inflation rate, but the erratic behavior of these and other variables. In terms of decisions that entail a relatively lengthy maturation period, for example, an elevated inflation rate is not too serious, inasmuch as it does not fluctuate greatly (precisely what did not happen during the periods prior to the BA, in which the high historical averages of inflation resulted from the aggregation of pronounced fluctuations, as shown in graph 1). Besides, chronic balance-of-payments crises not only nourished these fluctuations but also led to "emergency measures" aimed at easing those crises, among which were usually restrictions in the outflow of capital and profit remittances abroad. The same crises led to superimposition of a complex foreign exchange system on a foreign currency black market, the quotations of which more closely followed internal price movements than the former. Furthermore, devaluations of the domestic currency tended to be delayed at first, but later—when the balance-of-payments crises were inescapable—were made drastically. This created an environment of constant uncertainty affecting the outcome of economic activities.<sup>36</sup>

This is a key to the BA's core meaning. The BA is a system of exclusion of the popular sector, based on the reaction of dominant sectors and classes to the political and economic crises to which populism and its developmentalist successors led. In turn, such exclusion is the requisite for attaining and guarantee-

GRAPH 1 Annual Rate of Variation in Consumer Prices: Argentina, Brazil and Mexico, 1955-1972



Argentina (—) Source: Ministerio de Trabajo, *Boletín de Estadísticas Sociales*; Ministerio de Hacienda y Finanzas, *Informe Económico*, varios números.

Brasil (—) Source: *Cojuntura Económica* 28, no. 5 (mayo 1974).

Mexico (---) Source: Thomas Skidmore, "The Politics of Economic Stabilization: Cause or Consequence of Authoritarianism in Latin America?" In James Malloy, ed., *Corporatism and Authoritarianism in Latin America* (University of Pittsburgh Press, 1976).

ing "social order" and economic stability; these constitute necessary conditions to attract domestic investments and international capital and, thus, to provide continuity for a new impulse toward the deepening of the productive structure. Society is deeply transformed by the BA state, seeking to control it and render it predictable so that it is possible to obtain the necessary transfusions of international capital. If these fundamental relationships are not taken into account, the study of the BA can but be confined to a phenomenological description of attributes that fail to distinguish it in Procustes' bed of "authoritarianisms" or "military regimes."

The praetorianism that preceded the BA entailed a marked weakening of the state. This, together with the crucial support given for its implantation by the large international and national capital, was enough to discard any possibility that the deepening would be initiated under the BA state's impulse exclusively. Under such conditions, the deepening had to be jointly attempted by the state and international capital. The conjunction is important because if, on the one hand, we perceive the impossibility for a recently emerged BA to monopolize the deepening impulse, on the other, international capital alone would have created a political impossibility: namely, an increasingly internationalized national economy in which its most dynamic sectors would devour, in unfettered Darwinian fashion, what was left of national capital. Because of this, the BA neither floats above the social classes in sovereign fashion, carrying out its projects of "national grandeur," nor is it the puppet or representative of international capital, even during the first stage when it most opens itself and society to it. Social reality is more complex and changeable.

International capital is a necessary condition for the deepening of these capitalisms; more precisely, the necessary condition is its sustained entry in sufficient quantities as capital (monetary and incorporating equipment and technology) and as foreign currency (to compensate for the new balance-of-payments tensions generated by its own entry).<sup>37</sup> But expansion of the BA state is also a necessary condition for the deepening. Such expansion does not result solely from the popular sector's exclusion and the consequent hypertrophy of its repressive apparatus. It also is tied to the extent that *future* social peace must be guaranteed, institutionalizing corporatist controls on the popular sector's organizations in such a manner that—rather than expressions of their class—they become fortified strongholds of the state in its most problematic frontier with civil society.<sup>38</sup> Likewise, it is a question of "beefing up" the state, developing its capacity to apply repression and process information, as well as implementing policies that diminish socioeconomic fluctuations and provide the public works infrastructure adequate for the new investments.<sup>39</sup> It is also a question of developing capacity to negotiate and process the new inflows of international capital. That is, neither could the deepening be attempted without a state which enormously increases its capacity for control over civil society. Hence, the BA presents itself not only as the political guarantor of an order based on exclusion of the popular sector, but also as executor and promoter of public works, "fiscal discipline," and its own bureaucratic rationalization. In other words, the BA

state and international capital are in a situation of mutual indispensability that underlies their complex and sometimes tense relationships.

SOME OF THE BA'S DYNAMIC ASPECTS

The BA is not immutable. A vast task remains to be undertaken, beginning with repression to eliminate the threat and continuing with the attempt to attain other necessary conditions for the deepening process. Later, depending upon the success or failure of the deepening and the resulting recomposition of alliances, the roads of each BA extend in directions that must be explored.

The BA's inaugural problems are two: first, to extirpate the threat and second, to encourage new inflows of international capital. Both take time and are intrinsically precarious. Yet it is essential that the capital transfusions be obtained by a country which has earned a bad reputation before the international business community owing to its recent history of threat and erratic governmental and socioeconomic processes. It is not just that persons of "international prestige" should appear in ministerial positions—these individuals served briefly prior to the BA but were unable to implement the policies of financial austerity and stabilization that they had presented in the forums of world capitalism. It is also a question of plausibly demonstrating the intent to execute "reasonable" policies to create an attractive atmosphere for the entry and internal expansion of international capital. But, more than this, it is a question of demonstrating that there is political capability sufficient to maintain these policies for an extended period.<sup>40</sup> I do not think it possible to exaggerate the social impact of the need of effecting such a demonstration. The BA must at least show that it has eliminated the political and economic instability that characterized the period prior to its reign. Besides, it must be convincing in its willingness and ability to execute and uphold policies that are attractive for the large investments and loans with which it invites international capital to participate in the economic stabilization and, later, in the deepening process. Until then, the BA can rely on public external "aid" aimed at "stabilizing" a recently threatened country.<sup>41</sup> It might also attract "hot money" because of the speculative advantages offered, as well as some investments negotiated under leonine conditions. This is not meaningless, since it relieves immediate balance-of-payments problems and serves to show internal allies the external support which the BA enjoys. But it is neither the quantity nor the continuity of foreign capital that can give the economy real momentum. For this, the BA needs the same factor we run into when dealing with the subject of the threat—time. Time to curtail popular political activation and the autonomy of organizations of the popular sector; time to prove its capacity to deter or again demolish any challenge that may arise; and time to demonstrate before international capital the seriousness of its intentions in socioeconomic matters. For this the BA must adopt and obdurately maintain "attractive" and "rational" policies, although incurring grave social costs and losing internal allies until the new growth impulses appear, since, for this to happen, new inflows of international capital must have begun as the result of the tenacious upholding of those policies.

This is why the first years of the BA are the time of the economically "orthodox"—Campos and Bulhões, Krieger Vasena, the "Chicago team." It is not by chance that they come from the most internationalized sectors of the coalition that backed the emergence of the BA. They are prestigious technicians whose professional background has been mixed with considerable experience in the forums and corporations of world capitalism. They know the rules of the game, believe in their rationality,<sup>42</sup> and do not find them antagonistic to the abstract national interest that they also wish to serve. They fight on several fronts. One, internal to the BA's institutions, against civilian and military allies who still nourish outdated populist ambitions or petit-bourgeois aspirations with a cooperative and anti-big-business whiff; they were parts of the wide alliance that backed the emergence of the BA and since they cannot be completely discarded (certain sectors of the armed forces are typically "difficult"), some of the state's institutions are parcelled out for them, for *divertimentos* that do not affect unduly the BA's economic parameters.<sup>43</sup>

Another battlefield is against those civilian allies of the coup who become disillusioned with the BA (largely owing to the very policies of the orthodox), and before whose demands for maintaining an "inefficient" income level of the employed middle sectors and for a no less "irrational" state tutelage of national firms, the BA must remain deaf if it is to carry out its demonstration of responsibility before international capital. It is not only a question of not "discriminating" against foreign capital, with all the risk that this entails for a local bourgeoisie which, abandoned by the state, must negotiate its survival in much weaker conditions than those offered by the erratic but "demagogic" policies prior to the BA. If the demonstration is to be of any use, international capital must additionally be convinced of the BA's firm willingness to improve the economy's "efficiency" by means of—among other things—the elimination of subsidies for the domestic bourgeoisie, the lowering of import tariffs, and other measures that reveal even further the weakness of national capital vis-à-vis international capital.

A third challenge comes from international capital itself. The economic and social orthodoxy, the capacity to adopt "rational" policies against the BA's allies and enemies, and the verisimilitude that these achievements will be maintained (along with their substratum, the consolidation of control over the popular sector), is the bait with which the orthodox can attract the foreign investments. In turn, this possibility is the trump card that they hold in the simultaneous struggle for control of the central decision-making knots in the BA.<sup>44</sup> During the BA's initial stages, orthodoxy is fundamental to potential investors. This is especially so for the zealous judges of what is "reasonable" in economic matters, the public organizations of world capitalism, the World Bank, and above all, the International Monetary Fund. They are the ones who, after cautious analysis,<sup>45</sup> first issue the *urbe et orbis* blessing that certifies that the BA has become a trustworthy state for international capital.

Only after this is it really possible for the sustained entry of long-term private loans and investments. Meanwhile, in addition to the welcomed foreign public funds and hot money, some private foreign investments must be actively



sought. Those early investments are resoundingly announced, not so much because they may have immediate economic effects but because they imply another international signal of approval of the BA and apparent confidence in its future. Of course, these first investors run greater risks, know how much they are needed, and bill the recipient accordingly. They do so first by means of a coincidental clamor for orthodoxy, which for them signifies apparently limitless possibilities of expansion on the internal market. Second, they require particularly favorable conditions—which may be on the verge of a pseudo-investment—for their entry. All of this cannot but appear as confirmation of the worst fears of local capital of the unregenerate *entreguismo*\* of the orthodox; any extrapolation from such first investments ends very close to totally internationalizing the most dynamic and profitable sectors of the economy. This pushes many along their road to Damascus although, to repeat, the time required to actually move in that direction depends on the prior threat level.

That is why the hallmark of the BA's initial years is its political isolation, provoked by the exclusion of the popular sector and by the disillusionment of more than a few of its original allies. The "sober," "antidemagogic," and "unconcerned with easy popularity" attitude taken by Castello Branco, Onganía, and Pinochet may be attributed in part to their personal characteristics; but it was also closely connected to the need—forced on them by the economic logic of the situation and the corresponding orthodoxy of their economists—to create conditions sufficient for the entry of international capital. With this capital, such leaders or their successors may propose myths of national grandeur and once again favor some elements of the national bourgeoisie that for the time being had been disregarded. In order to carry out policies harsh on the popular sector and on diverse important allies, the orthodox must succeed in the difficult task of convincing those military officers possessing sufficient institutional power to assure armed forces support. On this point, the recent histories of Brazil and Argentina begin to differ. The specific history of the armed forces seems to exert an important influence of its own, quite independent of the more general social conditions, since it may have placed at the head of those organizations groups more or less consonant with the orthodox.<sup>46</sup> Besides, the previous threat also affects this sphere in the sense that the greater the threat, the more weight it tends to give to military hardliners. Not all of them substantially coincide with the orthodox, but on the whole they provide a sympathetic audience in terms of an uncompromising view of the "necessary sacrifices" that must be imposed on the population.

Of course, the orthodox must believe in the rationality of their own position; this is evident in the sincerity with which they feel themselves the bearers of a superior rationality, reinforced by the approval of their international counterparts.<sup>47</sup> In passing, I might add that this sincere conviction helps to interpret several works that accept the basic premises of the policies of the BA, but argue that the same goals could have been achieved at lower social cost had the

\**Entreguismo* denotes the willingness to surrender to foreigners resources deemed vital for the country.

orthodox been a little less so.<sup>48</sup> But this entails the supposition that the principal initial concern of the orthodox lay in the impacts of their policies on the domestic social context when, as argued above, their dominant concern may well be demonstrating to international capital the existence and durability of attractive and stable conditions. In terms of the former, the severity of the negative redistributions of income or the initial indifference concerning the fate of the national bourgeoisie may be unnecessarily harsh. Concerning the latter, I suspect it is not so.

Two considerations may be extracted from this section. First, the historical moment in which the BA is implanted is a particularly diaphanous moment of dependence. Second, in its initial stage, this state—which excludes the popular sector, punishes economically many of its allies, is almost deaf to the national bourgeoisie, and strongly expands so as to “reorder” society—is highly autonomous with respect to that society. This entails the explicit denial of the state as the site of representation and public presence of a society that it is bent upon profoundly shaking up from one end of the social scale to the other. But this antagonism must be seen in conjunction with another aspect: the initial stage of the BA is simultaneously the moment in which it is most open to deep penetration by international capital, and that in which, buttressed by the state’s expanding control over civil society, international capital conquers an unusually wide economic space. The moment of the state’s almost limitless opening to international capital is also that of its greatest estrangement from most of civil society. It may be seen that we are once again faced with the duo of the state and international capital during the BA’s initial period. But this contains tensions that generate more complex and less diaphanous phenomena.

#### MORE ON THE DYNAMICS OF THE BA

I have stressed (1) that the BA needs time to acquire the necessary credibility so that an important and sustained flow of long-term private foreign investment and loans can begin and (2) that the amount of time available to each BA is a variable fundamentally conditioned by the threat level prior to its installation. In Argentina by 1968, two years after the coup, such capital began to enter. At the same time, a sizeable part of the national bourgeoisie and the middle sectors had begun to turn back toward the popular sector and its political expression, peronismo. They carried along with them nationalist military groups that found in the emerging alliance, with its respectable bourgeois components, a viable alternative to the duo. In mid-1969, the *cordobazo*<sup>49</sup> was the most spectacular manifestation of a multiform opposition to the BA, stemming from dissimilar interests but capable of destroying the careful work of Krieger Vasena and his team intended to secure the confidence and transfusions of international capital. More specifically, the *cordobazo* and its sequels were evidence that the Argentine BA had failed as the guarantor of social peace and economic stability. Consequently, the flow of foreign investment halted and numerous indicators registered without delay the loss of confidence: hot money left the country, the future dollar rate increased, international reserves fell, private investments in equipment and

machinery declined, there were new inflationary tensions, and so on.<sup>50</sup> This is seen in graph 2, showing the fluctuations and declining trend of these investments in Brazil and Argentina before the respective coups, an indefinite pattern during the period immediately after (the time of recovery of the confidence of international capital), as well as the later spectacular upward trend in Brazil in contrast to Argentina, where a decline set in sharply following the year of the cordobazo. In 1970, the old political instability appeared again with General Onganía's downfall, and in 1971 there was a recurrence of inflationary problems, balance-of-payments crisis, harsh social conflicts, and a generalized loss of resources by the state, thus repeating even more intensely the patterns prior to 1966.

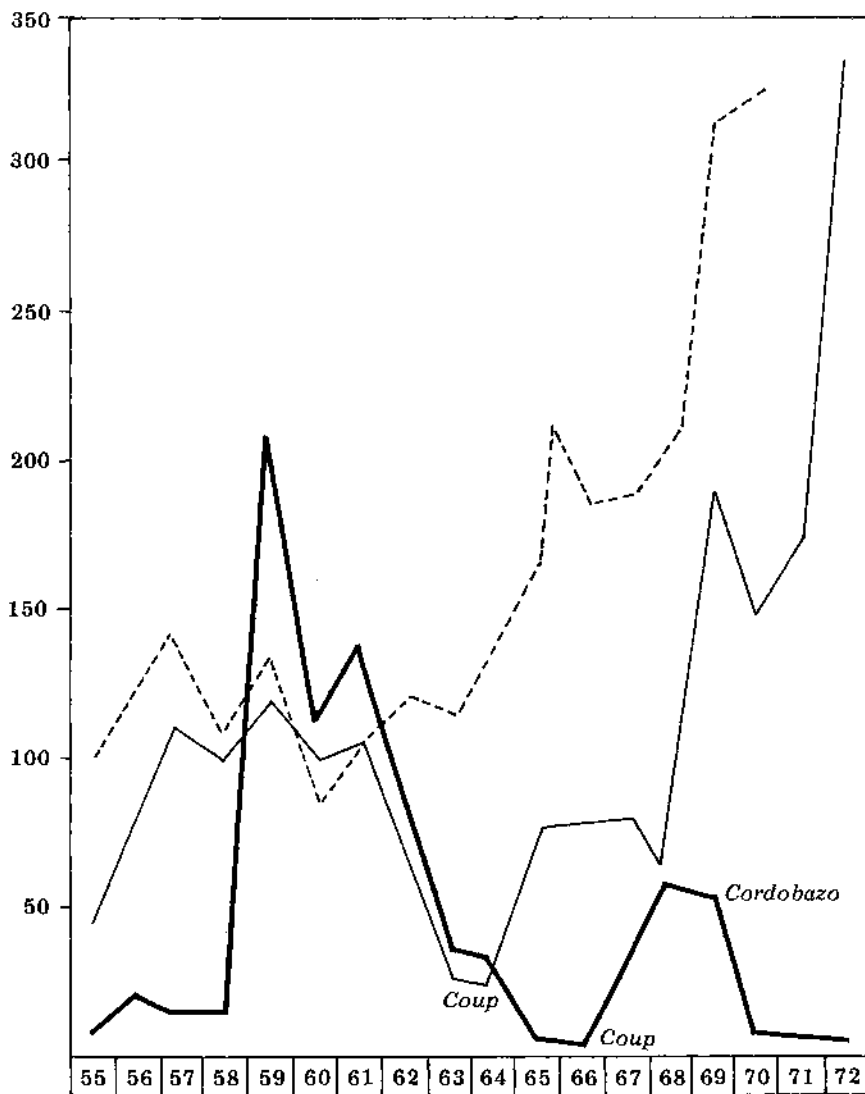
The transfusions of long-term foreign capital were also delayed in Brazil following the coup. But in contrast with the Argentine case, capital began to enter in sustained fashion before many of the BA's original allies were launched into open opposition, despite multiple indications of their disillusionment. The influence of the prior threat need not be reiterated in detail. What must be stressed are the different roads taken by the Brazilian and Argentine BAs. The history of the latter is that of collapse, while with the former there was a selective reopening to the national bourgeoisie and the formation of a trio, in which the latter began to make good on its rights that had profound repercussions on the duo and on their relationships with other classes and sectors in society.

Neither the BA nor any other modern state ceases to be a national state. That is why it does not seem possible for the BA long to remain as impervious to its own society as it does during the periods of economic orthodoxy and the duo. Neither is the state only the *direct* political guarantor of economic domination, although during the duo's period this appears so preeminently. This means that the state must present itself as the incarnation, as the political and ideological expression, of the general interests of the nation, to which the sectors excluded by the BA also unquestionably belong. In pretending to express the general interest, the BA is represented as working to everyone's long-term benefit, although some of the beneficiaries may not yet be able to recognize it. The new role of international capital and the state expansion are presented as instruments for the attainment of the true goal: the grandeur of a nation in which even those excluded and repressed are invited to participate vicariously. The state, so manifestly linked to international capital strives to conceal the duo ideologically with the promise of total national grandeur. This in turn has repercussions on the structure that undermine the fortress in which the BA of the duo has isolated itself from its own society.

Let it be noted that even in the more successful BA cases, the difficulties in the internal generation of technology and in making serious progress in the production of capital goods, the mounting foreign indebtedness and concomitant frailty of the balance-of-payments, the imperfections of the capital market and the large investments that continue to be necessary still require a high and sustained flow of international capital.<sup>51</sup> On the other hand, the political impossibility of a boundlessly internationalized economy is the chink that allows the incorporation of the national bourgeoisie into the coalition that converts the duo

CHANGE IN THE BUREAUCRATIC-AUTHORITARIAN STATE

GRAPH 2 Net New Direct Foreign Investment: Argentina, Brazil and Mexico, 1955-1972 (In Millions of Current U. S. Dollars)



Argentina (—) Source: Ministerio de Hacienda y Finanzas, *Informe Económico*, varios números.

Brazil (—) Source: Banco Central do Brasil, *Boletim* 9, no. 11 (noviembre 1973).

Mexico (---) Source: Banco de México S.A., varios números.

into a *ménage à trois*. The domination of the BA lacks, both politically and ideologically, a crucial component—the national and private ingredient that only the local bourgeoisie can contribute. Not the visible parody of a national capital forced out of the most dynamic and profitable activities but a presence that somehow, and to a significant degree, associates itself with the lion's share of the new accumulation patterns. The promised grandeur on the road of the deepening now more plausibly "nationalizes" itself, benefitting some of the domestically dominant fractions of civil society.

For this to be possible the state must not merely offer itself passively to the reentry of the national bourgeoisie, but must actively tutor it. That is, the state must become less orthodox and more nationalist; it must be more protectionist; it once again must subsidize the activities of that bourgeoisie; it must reserve for itself and for the national bourgeoisie hunting grounds forbidden to the direct access of international capital; and it has to be itself more entrepreneurial in directly productive activities.<sup>52</sup> In other words, the BA must come to restrict international capital to a degree almost unthinkable during the initial orthodox stage, making economic space for itself and for the national bourgeoisie, thus tutoring it and, in so doing, virtually reinventing it. This is inefficient in terms of the strictly economic logic of the deepening process and is at odds with the views of international capital stressing efficiency and the primacy of the private sector.

This statizing and nationalizing trend takes place against the background of the continuing mutual indispensability between the BA and international capital; especially, the deepening continues to depend on sustained and substantial inflows of that capital qua investments and as a transitory solution to the less abrupt but always grave balance-of-payments hardships. On the other hand, despite its nationalist whims, the BA continues to be the political guarantor of the order and stability necessary for the operations of international capital in its market. Besides, to invest so as to produce and sell in a market is also to invest in a country in a way that investing in an enclave never was; more specifically, it is to take risks on the basis of trusting the continuity and improvement of the general conditions that, at a certain time, determined the investment. As has often been repeated in Argentina since 1971, what the future holds, should the BA collapse, is a "leap into the void" that threatens those investors who already have entered the market. To a certain extent this turns them into hostages of the internal political game. In cases such as that of Brazil, when the BA opens up to the national bourgeoisie once again after, and largely because, it has achieved substantial entries of international capital, there are many hostages interested in a continuation of the BA's domination despite their disagreement with its new nationalist whims. Thus, the BA can negotiate with the new entrants on the basis of less orthodox conditions than before. This is understandable because the attractions of its market have increased, there has been a significant recovery of the GNP'S growth rate, and there are important external economies resulting from the previous entry of other TNCs. Another reason seems to be the bandwagon effect<sup>53</sup> produced among the TNCs by the entry of other competitors, along with the fact that the country may have been turned into an important

subregional center for the operations of international capital. In sum, the BA can afford to become more "nationalist" and less orthodox in its economic policies.

In contrast with the relative transparency of the duo, the *ménage à trois* generates a much more complex situation. On the one hand, it can make international capital accept "irrationalities" and "discriminations" unimaginable during the first stage; but on the other, the BA cannot cease to comply with the rules of a game marked intrinsically by its continued dependence on international capital. This forces it to stop its "irrationalities" before they cause a loss of confidence that would reproduce, although at a different level, the flight of capital that took place in Argentina after 1969. Such fundamental compliance is the less visible but ever present dependence parameter, imposed by a capitalism which, although more advanced than that prior to the BA, continues to rely on the confidence and continued inflows of international capital. But within these restrictions there is now room for the state not only to tutor the national bourgeoisie but also to use that sector's return to the stage to improve the bargaining position of both with respect to international capital. On the side of international capital the situation is almost symmetrical: the aim is to restrict (sometimes in actual conflicts that are useful for the BA in nationalizing its image) the prunings of its domestic expansion attempted by the state and the national bourgeoisie. But to the extent that the pruning does not seem to entail greater costs than the surrender of the market, international capital continues to need the guarantee of stability and predictability extended by the BA.<sup>54</sup>

As to the national bourgeoisie, its position is defined on one side by its important political-ideological contribution to the BA's viability and, on another, by its economic frailty before the other members of the trio. With respect to the state, its frailty is shown by its need of active and continued tutorship. With respect to international capital, it stems from the fact that this bourgeoisie is the sector of national capitalism most closely linked with the former. Thus, even though it exposes another dependency bond, it does not transform the national bourgeoisie into a puppet of international capital; rather it creates friction areas at the points of determination of the specific modalities of their asymmetrical relationship. This in turn is contingent upon a tutoring state backing the national bourgeoisie in the attainment of a role that, while scarcely one of a conquering bourgeoisie,<sup>55</sup> does take it well beyond the nullity or marginality postulated by simplistic versions of imperialism and dependence.

Let us return to the Argentine case, where spectacular events marked the BA's failure as the guarantor of order and—consequently—as the promoter of transfusions of international capital. Here too the duo was short lived, but did not lead to the trio just discussed. It was not, as in Brazil, a state that transposed the duo into a trio, selectively opening up toward the national bourgeoisie. On the contrary, it was civil society that invaded and demolished a state that, under these attacks, began to water down its bureaucratic-authoritarian characteristics. On one hand, the state's controls over the popular sector exploded. On the other, the opposition of the domestic bourgeoisie and many middle sectors, which already had converged with the popular sector, could not be systematically repressed. On the contrary, such convergence seemed to offer an acceptable

alternative for more than a few military officers and technocrats, thus deeply splitting the BA's institutional layers.

Face to face with the duo, the bourgeoisie and middle sector components of the BA's opposition tended to revive the central myth of populism: the feasibility of capitalist development undertaken by an entirely national coalition. The BA thus began to devolve toward the hybrid of an authoritarian state characterized by its "sensibility" toward social problems, its proclaimed intention of curtailing an international capital already uninterested in investing and concerned only with its hostages, and its commitment to quell any popular political activity that did not channel itself through "occidental" parameters. There also appeared the confused proposal of a national capitalism in which the national bourgeoisie, scarcely displeased by a greater state role, would wish to impose cautious limits insofar as it was a class neither desirous nor able to sever its links with international capital. To this was added the uncertain radicalization of some middle sectors, which resulted from a continued terror of "communism" to which the duo's experience had a "nationalist" rejection of big and internationalized business. Thus was drawn the ugly ideological face of fascism which, in the context of its nationalist rhetoric and of the crumbling of the BA, could appropriate for itself some of the radicalized themes of the Left.

After explosions such as the *córdobazo*, the response from within and without the BA tended toward a nationalism simultaneously more repressive and more populist; one which, in reacting against the original duo, sought to find *post festum* a national road to capitalist growth (the term deepening no longer applies here). The speedy downfall of General Levingston's government (1970-71) in Argentina (just as the brief post-Papadopoulos period in Greece), the growth of popular activation, the increase of repression thereby generated, the reticence of the national bourgeoisie to stake its fate on such an uncertain experiment, and the degree to which all this nourished the reemergence of old socioeconomic problems, provided evidence that the collapse of the BA could not be halted by a hybrid of authoritarian nationalism. This continued toward a political "way out" in which the alliances were reshaped in even more complex form.

To explore even sketchily the subject of the BA's collapse would require a separate work of some length. Here I wish merely to indicate that with the exit the threat appeared once again; in contrast to the period prior to BA emergence however, the dominant classes could not entertain immediate hopes of finding a state offering them sufficient guarantees. This veritable political defeat and the consequent return to grave economic uncertainties shook but did not end their domination. These dominant classes, defeated politically but still powerful, backed by coincidental institutional interests (above all of the armed forces) in avoiding a leap into the void, inaugurated a defensive strategy in which what remained of the BA was used as a bargaining card against the guarantee that its successors would not transgress the limits of those institutional and class interests. This is fundamentally the history of General Lanusse's presidency (1971-73), in which the trump card imposing acceptance of those guarantees was the menace of a new coup that would interrupt the "way out" and inaugurate a

more exclusionary and repressive BA than the previous one. But this card steadily lost value until it was discovered to be a bluff. That is why, in contrast to Greece, where the Cyprus crisis was decisive in the speedier demise of the BA, victory in the "way out" Argentine elections went to those who should not have won. History did not stop there, of course. Its subsequent mishaps will have to be suitably analyzed from a perspective taking into account not only the characteristics of peronismo but also the political repercussions of the structural problems of a capitalism stranded on the road of the deepening process and facing the old restrictions once again.

Other remarks are in order. First, it should be noted that if success in the deepening differentiated Argentina from Brazil, the ability or inability to control the political way out created a bifurcation of the Argentine and Greek cases. The BA is not static—we have seen the intrinsic dynamism of the duo—nor, once transposed into other forms of domination, does it necessarily lead along the same road. But if concepts built for analyzing a changing historical reality are not too ad hoc, they should still allow us to recognize the themes from which they started. For example, the state renationalizes itself in the case of a crumbling BA and in that of the formation of the trio, in both cases opening up again towards civil society and therefore putting some distance from international capital (although in different degrees and for different reasons). The intrinsic political-ideological component of the national dimension of the modern state results in a renationalizing movement that cannot be directly deduced from the economic logic of the situation. The state of the trio selectively reopens itself to civil society's dominant local fractions. In the opposite case, the reopening results from the crumbling of the walls erected by the state to isolate it from civil society.<sup>56</sup> This contrast is not by chance analogous to that between the "way out" and the "decompression" being discussed in Brazil. Here it is also possible to distinguish a general element common to such attempts: they both entail a believable guarantee (although it may fail in the end) that the class and institutionally dominant interests of the BA will be respected—thus, neither a "leap into the void" nor the "repetition of past experiences." However, focussing on the specifics of each case, a paradox appears that places the progress, reversals, and the uncertain final results of the present "decompression" in the Brazilian (and Spanish) BA in clearer perspective.

When, as in Argentina, the BA is obviously crumbling, there is no possibility of postponing decisions on the basis of alternatives that have not yet ripened sufficiently. Either an attempt is made to rebuild the BA at much greater social cost and risk (for international capital's confidence already has been lost and the very crumbling has diminished the deterring effect of the state's repressive capacity), or negotiation of the "way out" is attempted. Unless the challenge to the BA has been monopolized by movements clearly antagonistic to the proffering of the abovementioned guarantees (here we feel other echoes of the threat), the costs and risks of the alternative tilt the probabilities toward the way out. This is the situation in which those who discover the virtues of a democracy limited by such guarantees will tend to have greater weight within the BA and the dominant classes. But this is also the case in which there are fewer probabili-



ties of obtaining the guarantees, since the very crumbling of the BA makes them far more difficult to impose on the sectors excluded or neglected by the BA.

In contrast—and here lies the paradox—in a BA that seems to have reaffirmed itself through the deepening and the establishment of the trio, the possibilities of successfully negotiating and enforcing those guarantees as compensation for the widening of the political arena are much greater. However, since there is neither urgent nor manifest need to make innovations in this sphere, those within the BA and the dominant classes who favor this road exert less leverage. Trying to “save all that can be saved” is very different from “risking the achievements of the Revolution” for what sounds to many as a sanctimonious concern for pleasant if discardable formalities. A situation such as that beginning to appear in Brazil and Spain presents another political bifurcation—now among the BAs that have advanced in the deepening process and have transformed into the power trio—between a reaffirmation of the BA that would occur through the ominous implications of its hardest lines, and a “controlled liberalization” in which the system might stumble over the Pandora’s box of true democratization.

The same more internationalized individuals and sectors who were formerly the intransigent orthodox, later are usually those backing the way out or the decompression. Against this the BA’s more nationalist sectors, which during the duo stage presented themselves as bearers of the “popular sensitivity” denied by the orthodox, are the sources of greater resistance against a process that—more or less effectively controlled—begins to reactivate the “people” whom they had evoked when forced into silence. What accounts for this correlation? Here I can only suggest that decompression is partly an expression of the fact that the BA, despite its achievements, contains a degree of political irrationality too great for the highly complex but always fragile and dependent capitalism promoted by the deepening. Despite the trumpeting of national grandeur, the BA’s continued repression, exclusion, and ruthless capital accumulation shows itself all too clearly, especially in the failure to cure the Achilles heel of the BA—the problem of presidential succession. The persistent trouble of the BA on that problem is a sure indication of its failure as a hegemony. And this imposes the requirement for the stability of the new domination to appear as believably guaranteed, not just for the time needed for specific economic decisions but into the more distant future, entailed by the conditions of continued reproduction of a capitalism that, although not central, after its deepening weighs in the world system as something more than an attractive market. The BA’s underlying political-institutional irrationalities can be as important as other pending problems—for example, the uninterrupted spiral of foreign indebtedness—which could pull it in directions even more worrisome for large capital than those entailed by the earlier interruption of the process in Argentina and Greece. Together with a manifest ideological discomfort, this leads the more internationalized sectors of these BAs to explore the seemingly superfluous political risk of controlled liberalization. In the political space generated by these problems—as in the cases of the caving in of the BA’s that have failed to guarantee “order,” but for different

reasons and under different conditions—fluidity is restored to the political situation not only for its allies but also for its adversaries.

#### TOWARDS A BROADENING OF THE ANALYTICAL AND HISTORICAL FIELD

We have examined sketchily one type of authoritarianism, trying to outline its characteristics and identify some of the determining factors of its change patterns. This led us to examine some links of the BA with civil society and with the international context; this, in turn, emphasized the problems derived from the structure and change (what I have called the deepening) of one historical type of capitalism. It is apparent that the true focus of our attention, the BA, is a phenomenon that incorporates all of these aspects and can be understood only as a whole constituted through the interaction of its component elements. This makes it necessary to pose some more demanding questions.

One of my main arguments held that a certain socioeconomic structure—a historical type of capitalism and its changes in the direction of the deepening—tends to be closely related to another, the political phenomenon designated by the concept of the BA. If this mutual relationship between the economic and the political is, in a specific period of the history of certain societies, as strong as we contend, we can formulate the hypothesis that such correspondence would have to be relatively independent of empirical variations in the genesis of each case. It is not really possible to distinguish neatly between process and structure because differences in the former do not cease to influence certain characteristics of the latter. But it would be reasonable to have greater confidence in the validity of the structural tendencies discussed here if those correspondences held in a variety of cases wherein the genesis of the political structures had differed from one another. If a certain type of capitalism and its deepening tends to correspond with the BA, this should tend to occur quite independently of the process by which the BA was implanted and of the types of state that preceded the BA.

One question raised by this train of thought asks if such correspondences also appear in cases that did not pass through a prior threat period. The BA's mode of inauguration<sup>57</sup> would be an intervening factor,<sup>58</sup> not indispensable insofar as such correspondences are not spurious. In the instances examined here, the BA eliminated the threat of an increasing political activation that was loosening controls on the popular sector by the state and by the dominant classes. The result was the drastic imposition of a domination system characterized as exclusionary in two ways: by negating the popular sector's demands for economic participation (which we have seen as part of the wider problem of reconstituting the capital accumulation mechanisms); and by closing political access channels to the popular sector, together with the elimination or subordination of its organizational bases. The latter is a necessary condition for the imposition and guarantee of future enforcement of "social order," which in turn is a requisite to attempt the deepening in close association with international capital. In empirical terms, this leads us to expect from the relevant indicators a discontinuous behavior over time: during the praetorian period, a clear trend to

"worsen" and to increase their variance; then a second moment, marked by the BA's abrupt implantation, after which—with a delay related to the initial reluctance on the part of foreign capital to enter the market—those indicators improve their trend and diminish their variance; and eventually, a third period in which, if and when the BA fails to consolidate its domination and undertake the deepening, the predictors revert to a pattern similar to that of the first period.<sup>59</sup> The data on Brazil and Argentina in graphs 1 and 2 show how their behavior fits these expectations.

In contrast with the cases mentioned thus far, political and economic exclusion may be achieved before tackling the economic deepening. It would then not be a matter of reinstating effective controls over the popular sector at a high cost, nor of having to submit to examinations by agents of international capital to show that there is now a domination system that guarantees a predictable and orderly society. It would instead be the politically more simple task of conserving the already extant controls on the popular sector and the accompanying confidence of international capital. More specifically, this implies maintenance of state control over the popular sector and its organizations, as well as having closed or distorted the electoral arena to such a degree that it cannot be a vehicle of political activation. On the other hand, insofar as such cases share the fundamental characteristics of dependent historical formation and extended sequential industrialization, it would be expected that they will also be subject to the deepening impulses and to their social impacts.

The Latin American case in this category is Mexico; outside the area, Spain also fits.<sup>60</sup> Both are instances of having firmly established controls on the popular sector when (in the fifties) the new expansive trends of world capitalism and the limitations of their previous industrialization made themselves felt. Of course, the origins of such control must be sought in antecedents as different as those of a triumphant revolution and a civil war won by the Right. Each has its importance, especially if one considers that Mexico has laid the basis of a political legitimacy<sup>61</sup> that has permitted solution of the succession problem, while this remains to be decided in Spain (making it, in this respect, resemble Brazil more than Mexico, thus serving to show the contemporary repercussions of already ancient processes initiated with or against the popular sector). But what must be stressed here is that Mexico and Spain have shared for decades an authoritarianism not subject to serious challenge. One has been a system with popular components, the other with a marked inclination toward a more traditional status quo, but both had already solved the cardinal political problem that the other BAs had to face initially: controlling the popular sector, eliminating its political activation, and above all, extending a believable guarantee that these "attainments" would be maintained in the foreseeable future.<sup>62</sup> This implied, at least, a greater preexisting state capacity to control the popular sector, to minimize the socio-economic fluctuations, and to present the country to international capital as an attractive market. From this certain consequences may be derived.

The characteristics of the "Mexican miracle" are well known, especially since the "stabilizing development model" that, since 1956, marked the beginning of the deepening stage and of close association of the state and the Mexican

bourgeoisie with international capital.<sup>63</sup> On the one hand, the indicators employed in graphs 1 and 2 show the far more continuous behavior foreseen by our reasoning. On the other, the deepening process advanced significantly, beginning before and continuing uninterrupted,<sup>64</sup> but without ceasing to produce the socioeconomic impacts noticeable in all these cases. Suffice it to point out for Mexico the regressive trends in income distribution, continued technological and financial dependence, high participation of international capital in its more dynamic industrial branches, sharpened pressures on its balance of payments, and the repression that has been unhesitatingly applied when controls on the popular sector seemed challenged.<sup>65</sup> Besides, in accordance with our earlier analysis, the Mexican state (and the Spanish as well)<sup>66</sup> simultaneously expanded, becoming more entrepreneurial, tutoring the national bourgeoisie, and opening ample institutional space for technocrats who could utilize a partially modernized bureaucratic apparatus and become the negotiating counterparts of international capital.

The Mexican and the Spanish BAs were born, together with the deepening, toward the end of the fifties and beginning of the sixties. Each resulted from the internal transformation of previously existing (although differing forms of) authoritarianism. In both cases, between one authoritarian period and the other, there were substantial changes in the internal profile of the state, the alliances on which it relied, its social impacts, and the productive structure of its society.<sup>67</sup> The advent of these BAs without the immediate presence of a coup deprives us of an obvious datum for identifying their emergence, but this should be no obstacle to the application of our concepts that, hopefully, should be a bit more analytical. The smooth transformation from one type of authoritarian state to another occurred—in contrast to Argentina, Brazil, Chile, and Greece—because the controls on the popular sector did not fail, nor did international capital's confidence undergo a crisis. In this sense the data of graph 2 appear as a sensitive thermometer of the different histories of the BAs in Mexico, Brazil, and Argentina, and also as a telling indication of how they are closely linked to the movements of international capital.

In this section we have relaxed one of the characteristics of the BA—its generic features—to discover that their absence or presence is relatively secondary with respect to the more constitutive tendencies relating the BA to a certain type of capitalism. I believe that the next step is to undertake case studies within the analytical field delimited by these parameters. Of course, it must be borne in mind that, as exemplified by the works cited at the outset, the theoretical coordinates of the mass of information to be gathered are those of the political economy of a historical type of capitalism. This illustrates—as suggested by passing references to Spain and Greece—that although the problem we have discussed exists in several Latin American countries, its analytical frontiers extend to cases on other continents, subject to similar patterns of industrialization and incorporation into the world capitalist system.

It is tempting to continue by asking if, in other regions and times, similar correspondences are observable between the BA's emergence, a type of capitalism, and the deepening process. Here we must stress that this last concept

cannot encompass any change in a capitalist economy, but instead must entail advances toward a higher degree of vertical integration of the productive structure (in close association with international capital), of capitalisms of already extended industrialization, originating in a sequential process springing from a first linkage with the world market as exporters of primary products. It is suggestive that certain of the BA's features should appear in such countries as South Korea, Indonesia, and the Philippines. These are among the more industrialized noncentral capitalisms of other continents, closely—and dependently—associated with international capital and previously subject to threats that recall the Latin American cases of abrupt implantation of the BA.

Another possibility is to inquire about similar correspondences between economy and politics in cases that are no longer contemporary. The problem is more complicated because an important dimension implicit in our approach can no longer be assumed, i.e., the situation or stage of the world capitalist system. Taking care to bear in mind that this contextual difference can generate significant specifics, however, such a step could usefully augment the number of cases that may be considered as instances of the type. But this theme entails a plunge into another great mass of historical material. Simply by way of suggesting how such more ambitious work might be extended, let me mention certain general features. First, it is wrong to confuse the BA with fascism, at least if we are unwilling to put such a label on any modern and highly repressive phenomenon of authoritarian domination. If we restrict the concept of fascism to Italy and Germany, and eventually to Japan,<sup>68</sup> it is clear that fascism corresponded to Gerschenkron's situation of "late industrialization," not to the sequential pattern of the BAs. In fascism the dynamic role was held by a very different duo—the state and national bourgeoisie—and the political expression of the working class took place through channels quite different from those of the BAs. Also, fascism's link with its capitalism was not so much one of a deepening through vertical integration of its productive structure, but rather that of eliminating traditional areas left behind by the speed of the early spurts toward basic and highly concentrated industries.

Second, fascism does not exhaust the European repertory of modern authoritarianisms; Central Europe between the two World Wars—especially Poland and Hungary and, with some characteristics of its own, Austria—was a case much closer to our subject.<sup>69</sup> To begin with, this region was the first periphery of the world capitalist center, originally incorporated as an exporter of primary products (above all, foodstuffs) at the cost of freezing its social structure to benefit its landholders and destroying its incipient industries; there emerged predominantly bureaucratic middle sectors and a commercial bourgeoisie intimately connected with international capital.<sup>70</sup> Later, industrialization began and continued greatly resembling the sequential features that Latin America would follow. Furthermore, by the First World War the more dynamic sectors of these economies came into the hands of the state and international capital.<sup>71</sup> The resultant economic and social structure bore important similarities to the Latin American BA countries, and after the First World War many of the processes we have discussed appeared in those European countries.

Among others were the emergence of a popular sector oriented—except in Austria—more toward populism than socialism; attempts at vertical integration of industry dynamized by international capital and the state; expansion and “technification” of various state institutions; typical balance-of-payments problems; foreign indebtedness; inflation; and negative income redistributions. There was even an increasing concern by the dominant internal and external sectors over the possible consequences of the popular sector’s activation and of economic crises, worsened by the recent existence in the area of a revolution that some episodes (such as the Hungarian Soviet Republic) seemed to suggest was exportable. These European states,<sup>72</sup> just as the Latin American BAs, made no serious effort to form a mass one-party state. Rather, they sought to deactivate and depoliticize society, especially the popular sector, and despite verbose statements about “national destiny” they were not imperialistic.

If one of the central contentions of this essay is not spurious, fundamental correspondences lie beneath the historical formation, the structural characteristics, and the predicaments that, in a fairly advanced stage of sequential industrialization, are generated by a historical type of capitalism. This ends by showing the vastness of the problem hidden in the first section of this essay. Nothing has been demonstrated herein and we have had to restrict ourselves to a minimal portion of available information. But it would be enough if the verisimilitude of certain politico-economic correspondences has been indicated and certain patterns of change outlined. Neither in these changes nor in the characteristics of the BA is there a mechanical predetermination, as demonstrated by the bifurcations observable in the history of the cases considered. We still lack sufficient historical experience of the evolution of “successfully deepening” BAs such as Brazil, Spain, and Mexico; of the mishaps of the BAs that collapsed before the trio, as with Greece and Argentina; and of the BAs, such as Chile and Uruguay, that encounter great difficulties even in constituting the duo. Precisely because of this, the attempt to detect certain structural correspondences and explore some of the emerging patterns of change could be useful for future contributions. In such efforts, to focus on a structured but moving social reality might sidestep the dangers of freezing it conceptually or of falling into an empiricism lacking theoretical threads. In Latin America today this is as important intellectually as it is politically.

#### NOTES

1. A useful review of the diverse approaches to the study of social change can be found in Juan F. Marsal, *Cambio social en América Latina* (Buenos Aires: Solar Hachette, 1967).
2. A representative example of this current can be found in Howard Wiarda, “Toward a Framework for the Study of Political Change in the Iberic-Latin Tradition: The Corporative Model,” *World Politics* 25, no. 2 (January 1973): 206–35; and “Corporatism and Development in the Iberic-Latin World: Persistent Strains and New Variations,” *The Review of Politics* 36, no. 1 (January 1974). My own ideas on the subject of “corporatism” and its connection with the themes discussed in the present work can be found in Guillermo O’Donnell, “Corporatism and the Question of the State,” in James Malloy, ed., *Authoritarianism and Corporatism in Latin America* (Pittsburgh, Pa.: Pittsburgh University Press, 1976), pp. 47–89.
3. For a criticism of these and other mistakes in dealing with the problem of depen-

- dence, nothing is better than Fernando H. Cardoso, "As novas teses equivocadas," in *Autoritarismo e Democratização* (Rio de Janeiro: Paz e Terra, 1975), pp. 25–62; and "The Consumption of Dependency Theory in the United States," *LARR* 12, no. 3 (1977):7–24.
4. This is apparent in two of the most influential recently published books on the subject: Samuel Huntington, *Political Order in Changing Societies* (New Haven, Conn.: Yale University Press, 1968); and Leonard Binder et al., *Crises and Sequences of Political Development* (Princeton, N.J.: Princeton University Press, 1971), especially the chapters written by Joseph LaPalombara and Lucian Pye. On these works, Mark Kesselman's critique is worth reading, "Order or Movement? The Literature of Political Development as Ideology," *World Politics* 26, no. 1 (October 1973): 139–54.
  5. Fernando H. Cardoso and Enzo Faletto, *Dependencia y Desarrollo en América Latina* (México, D.F.: Siglo XXI, 1968); Barrington Moore, *Social Origins of Dictatorship and Democracy* (Boston, Mass.: Beacon Press, 1966); Immanuel Wallerstein, *The Modern World System* (New York: Academic Press, 1974); and Perry Anderson, *Lineages of the Absolutist State* (London: NLB Editions, 1975), respectively.
  6. Guillermo O'Donnell, *Modernization and Bureaucratic-Authoritarianism* (Berkeley, Calif.: Institute of International Studies, University of California, 1972).
  7. Another warning that should be made now is that, having decided to use a high level of generality, I must overlook the analysis of differential aspects "internal" to the subjects dealt with—for example, the state itself. This has the advantage of allowing discussion of general tendencies without entering into distinctions that, although important, seem to be more so for variations around such trends than for their direction. But it has, among others, the disadvantage that the terminology employed herein could be understood in a reifying sense.
  8. I understand the state to comprise the set of organizations and relationships that claims the character of the "public," as opposed to the "private," on a territorially limited area. This also envisages a generalized conformity of the population concerning provisions of the state and backing it with control of the means of physical coercion. This definition is an analytical minimum sufficient to distinguish the state.
  9. Other aspects of the BA state that cannot be dealt with here have been discussed in O'Donnell ("Corporatism," and *Modernization*) and in Oscar Ozlak and Guillermo O'Donnell, "Estado y políticas públicas. Algunas sugerencias para su estudio," paper presented at the Conferencia sobre el Estado y Políticas Públicas, Buenos Aires, August 1974.
  10. A good discussion of the different analytical problems implied by one subject and the other can be found in a forthcoming book by Alfred Stepan on corporatism in contemporary Latin America.
  11. The principal focus of this work will be the urban popular sector—the set formed by the working class and the unionized layers of the middle sectors. By "political activation" I mean not only a notorious "presence" in the political arena but one which tends to be continually exercised (i.e., not only by discontinuous protest outbursts); this in turn implies that such activation supports itself on an organizational basis not entirely subordinate to the state and the dominant classes.
  12. I cannot enter here into the complex problem of the relationship between that perception and the objective risk entailed by each situation. I would suggest, however, that the former acts as a multiplying function of the latter once a critical threshold has been crossed.
  13. On these subjects I must refer to O'Donnell, *Modernization* and "Modernización y golpes militares," *Desarrollo Económico* 12, no. 47 (December 1971) and to the bibliographies in those works.
  14. For interesting expressions of the threat in Brazil, by observers and actors very close to the state implanted by the 1964 coup, see Luis Vianna Filho, *O Governo Castello Branco* (Rio de Janeiro: Livraria José Olympo Editora, 1975) and Fernando Pedreira, *Marco 31* (Rio de Janeiro: José Alvaro Editor, 1964). Also see Helio Silva's documented narrative, *1964 golpe ou contragolpe?* (Rio de Janeiro: Civilização Brasileira, 1975).

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15. I omit reference here to the behavior of the landholding-exporting sector, which in any event is generally more reluctant to ally itself with the popular sector.
16. The purpose here is not to make the sad inventory of the repressive measures employed but to exemplify how they tend to vary as a function of the prior threat level.
17. I have just proposed one factor that seems to be very important in explaining the fate of these BAs. This is not necessarily incongruous with what has often been mentioned to explain the observable differences in the stabilization of the BA in Argentina and Brazil: the greater autonomy towards the state and the higher militancy of the Argentine working class as compared with its Brazilian counterpart. However, I suspect that the argument tends, on its own, to exaggerate the differences between these two countries. Furthermore, by itself, this argument hardly fits the continuation of the BA in Chile.
18. O'Donnell, *Modernization*.
19. On this subject, Cardoso and Faletto's *Dependencia* is fundamental.
20. Albert Hirschman, "The Political Economy of Import-Substituting Industrialization in Latin America," in *Bias for Hope: Essays on Development and Latin America* (New Haven, Conn.: Yale University Press, 1971), pp. 85-123.
21. Alexander Gerschenkron, *Economic Backwardness in Historical Perspective: A Book of Essays* (Cambridge, Mass.: Harvard University Press, 1962).
22. Above all, see Francisco Weffort, "Clases populares e desenvolvimiento social: contribuição ao estudo do 'populismo,'" ILPES-CEPAL (Santiago de Chile, 1968), mimeographed; and Cardoso and Faletto, *Dependencia*.
23. On the rapid worldwide expansion of the United States-based transnational firms during this period, see Mira Wilkins, *The Maturing of the Multinational Enterprise: American Business Abroad from 1914 to 1970* (Cambridge, Mass.: Harvard University Press, 1974).
24. On this first wave of direct foreign investment in industrial activities, and their relationship with the size of our markets, see O'Donnell, *Modernization*.
25. Data and bibliography on the Argentine case and quotations of similar available evidence, with respect to other Latin American countries, can be found in Guillermo O'Donnell and Delfina Link, *Dependencia y autonomía* (Buenos Aires: Amorrortu Editores, 1973).
26. In the Argentine case, a disaggregation of the minimal industrial salaries between branches mainly owned by Argentine capital and those owned mainly by foreign firms shows practically no difference until 1959. From that date, when the "first wave" of foreign investments started, wages quickly drifted apart, and by 1961-1962, those of workers employed in predominantly foreign-owned branches were higher by 25-30 percent. Other characteristics and consequences of this period appear in Pablo Gerchunoff and Juan Llach, "Capitalismo industrial, desarrollo asociado y distribución de ingreso entre los gobiernos peronistas: 1950-1972," *Desarrollo Económico* 15, no. 57 (abril-junio 1975).
27. Huntington, *Political Order*.
28. David Apter, *Choice and the Politics of Allocation: A Developmental Approach* (New Haven, Conn.: Yale University Press, 1971).
29. Of course, deepening is closely connected with other aspects of economic policy, which I can only mention briefly here. First, in connection with final supply, it was accompanied by a speedy expansion of consumer goods (basically durables) more varied and complex than those produced internally until then. The trend to channel the enlarged productive capacity toward the terminal supply of this type of goods not only contributed to bias the distribution of income but also made the role of international capital weightier directly, by increasing the possibilities of the TNCs specializing in producing these goods, and indirectly by increasing the need of the national firms (if they were to compete with this expansive high-income market) to resort to technology, trademarks, and advertising licensed by the TNCs. In another sphere,



- both the financial needs of the deepening as well as the inducement of the new patterns of consumption led to important changes in the financial system, most notably with reference to the development of institutions aimed at financing the purchase of consumer durables. See Maria de Conceição Tavarea, *Da Substituição de Importações ao Capitalismo Financeiro* (Rio de Janeiro: Zahar Editores, 1972), pp. 155, 207, 221-63.
30. Mario Brodersohn, "Financiamiento de empresas privadas y mercados de capital," Programa Latinoamericano para el Desarrollo de Mercados de Capital, Buenos Aires, 1972, mimeographed. See also the sources quoted therein.
  31. O'Donnell and Link, *Dependencia* and the sources quoted therein.
  32. Hirschman, in *Bias for Hope*, makes a persuasive argument about the need of contextual stability so that it is really possible to move forward in the export of industrial goods.
  33. Works from viewpoints as dissimilar as those of Andrew Shonfield, *Modern Capitalism: The Changing Balance of Public and Private Power* (New York: Oxford University Press, 1969) and Nicos Poulatzas, *Purvoir Politique et Classes Sociales* (Paris: Maspero, 1968), among many others, coincide on this point.
  34. To the repression and direct weakening of the unions, the BAs have added the review of labor legislation, above all laws on strikes and dismissals. For a good analysis of diverse state controls on the working class in Brazil, see Kenneth Mericle, "Control of the Working Class in Brazil," in Malloy, ed., *Authoritarianism*, pp. 303-39.
  35. The importance of a "social peace" guaranteed by an effective state control of the workers arises, without need to resort to literature suspect of having hostile biases toward the TNCs, among others, in a publication sponsored by the Council of the Americas, Jack H. Behrman, *Decision Criteria for Foreign Direct Investment in Latin America* (New York: Unipub, Inc.: 1974). The interviews Louis Goodman held with executives of TNCs confirm this argument; see his "The Social Organization of Decision-Making in the Multinational Corporation," forthcoming. On my side, between 1971 and 1973, I interviewed executives of TNCs in Argentina and obtained information, to be presented and analyzed in future works, which confirms this view.
  36. The concern about the uncertainty of the context and the medium-term economic results, together with the obstacle this entailed for investment decisions, appeared in the great majority of the cases as salient factors in the interviews I held in Argentina. An interesting survey of industrial firms in Argentina, carried out by the Fundación de Investigaciones Económicas Latinoamericanas ("El planeamiento en las empresas," Buenos Aires, 1973, mimeographed) also shows the much greater objective need of large capital for a stabilization of the social context.
  37. Marcelo Diamond, *Doctrinas económicas, desarrollo e independencia* (Buenos Aires: Editorial Paidós, 1973), presents a useful discussion of this topic.
  38. It is in this context that the question of "corporatism" that is attracting the attention of students of Latin America is to be understood; see Malloy, ed., *Authoritarianism*, as well as Phillippe Schmitter's more general discussion in "Still the Century of Corporatism?" *The Review of Politics* 36, no. 1 (January 1974).
  39. In this sense an important phenomenon is the emergence of new decision-making agencies and "technocratic" knots endowed with great decision-making power over strategic economic and financial variables. A good study of this can be found in Celso Lafer, "Sistema político brasileiro: algunas características y perspectivas," *Desarrollo Económico* 14, no. 56 (enero-marzo 1975).
  40. On this point it is interesting to read Viana Filho, *O Governo*; he was one of President Castello Branco's most important civilian aides.
  41. In this, too, the prior threat level seems important. Compare the U.S. State Department's ostensible opposition (not necessarily of other segments of that government) to the 1966 Argentine coup and the almost nil flow of American public funds for civilian use in this case, with the support given to the Brazilian and Chilean coups and the immediate aid granted from public funds to the recently emergent BAs in those countries.

42. As Roberto Campos says in *Temas e Sistemas* (Rio de Janeiro: APEC, 1968), "the remainder is sentimentalism" (p. 217).
43. This makes it possible to understand the phenomena analyzed by Lafer, "Sistema político brasileiro," in the sense that the new decision-making knots, which are superimposed and horizontally cut across the formal faculties of preexisting agencies, imply concentrating actual decision-making power that counterbalances the parceling out referred to in the text.
44. In my interviews with some of the most important officials of the Argentina BA, even those not too enthused by the policies of the orthodox considered that their near monopoly of "prestige" before foreign capital and their consequent possibility of attracting it for investment—which they also considered to be indispensable—were the principal reasons, at least for the moment, why only they could control the economic policy.
45. On the strict demands for orthodoxy of these organizations and the aid agencies of the U.S. government in Brazil, it is worthwhile to consult Viana Filho, *O Governo*. Also see Albert Fishlow, "Algumas reflexões sobre a política econômica brasileira após 1964," *Estudos CEBRAP* 7 (enero-marzo 1974); the English version appears in Alfred Stepan, ed., *Authoritarian Brazil: Origins, Policies, and Future* (New Haven, Conn.: Yale University Press, 1973).
46. See the "internal history" of the Brazilian armed forces, with the consequences of their participation in the Second World War and Castello Branco's strongly "internationalist" position (and the compatibility I suspect this generated with Roberto Campo's orthodoxy and that of his economic team) as it is presented by Alfred Stepan, *The Military in Politics: Changing Patterns in Brazil* (Princeton, N.J.: Princeton University Press, 1974). This contrasts with the attitudes of officers such as Onganía and Pinochet, much closer to the traditional version of rightist nationalism.
47. See, for example, Campos, *Temas* and *Ensaio contra a maré* (Rio de Janeiro: APEC, 1969, 2d ed.), and Adalbert Krieger Vasena's speeches compiled in *Política econômica Argentina*, 2 vols. (Buenos Aires: Ministerio de Economía, 1968, 1969).
48. Above all, Fishlow, "Algumas reflexões," and Juan Carlos de Pablo, "La política anti-inflacionaria argentina vista en perspectiva" (Buenos Aires: FIEL, 1973), mimeographed. Also see Juan Carlos de Pablo, *Política inflacionaria en la Argentina 1967-1970* (Buenos Aires: Editores Amorrortu, 1972).
49. This refers to the mass riot that took place in Córdoba in May 1969. This was the culmination of similar incidents that had cropped up at the time in other cities in Argentina's interior.
50. See Ministerio de Economía, *Informe Económico*, IV Trimester 1969 (fourth quarter), Buenos Aires, 1970, among other sources.
51. In a speech read on 1 August 1975, Brazil's Minister Mario Simonsen, answering to the concerns for the "nationalism" and "statism" of the Brazilian BA, and at times of increasing frailness of the balance of payments, emphatically insisted that the "main attainment" since 1964—"international credibility"—was not to be imperilled and that for a long time it would continue to be necessary for Brazil to rely on substantial inflows of foreign capital (*Movimento*, 8 August 1975, p. 9). Similar statements and recent deeds of high Brazilian and Mexican officials seek the ratification of a "confidence" that, in spite of its triumphal hue, the BA of the trio cannot allow itself to lose. This dependence parameter continues to be in force, although it only appears at the level of official rhetoric when certain not too orthodox whims make it necessary that international capital be publicly told (and the "nationalists" too) that the rules of the game have not been forgotten.
52. Data on the Brazilian case may be found in Werner Baer, Isaac Kertenetzky, and Aníbal Villela, "The Changing Role of the State in the Brazilian Economy," *World Development* 1, no. 11 (November 1973). As these authors note, a sizeable proportion of the increase of the Brazilian state's directly productive activities only took place around the end of the sixties and the beginning of the seventies—that is to say, when

- already substantial inflows of long-term foreign private capital were taking place.
53. On this, see Goodman, "The Social Organization." This is implied by the "product cycle" theory as formulated by Raymond Vernon et al. in the Harvard Business School. See Theodore Moran, "Foreign Expansion as an Institutional Necessity for U.S. Corporate Capitalism," *World Politics* 25, no. 3 (April 1973):369-86.
  54. This apparently tends to be reinforced in cases, such as that of contemporary Brazil, in which the advances of the process require that the country matters not only because of its domestic market but also as an important center or "platform" for the TNCs' regional activities. The same seems to be true of the Mexican case.
  55. The term is Charles Moraze's, *El Apogeo de la Burguesia* (Barcelona: Editorial Labor, 1965).
  56. The epitome of this institutional disintegration of the state in Argentina was President Lanusse's decision, in 1971, to suppress the Ministry of Economy with the explicit purpose of eliminating decision-making centers that "inconsiderately" imposed their decisions on the "sectors involved," and to open the ministries to the entry of "representatives" of those sectors. The contrast with the centralizing efforts of the functioning BAs (even the Argentine one until shortly before) could not be stronger.
  57. Concerning the first systematic attempt to study different inauguration modalities of political regimes, see Robert Dahl, *Polyarchy, Participation, and Opposition* (New Haven, Conn.: Yale University Press, 1971).
  58. I thank David Collier for this observation. On these subjects, I must express my indebtedness to him, and to Abraham Lowenthal and Robert Kaufman.
  59. The Chilean case presents complexities that cannot be dealt with in this work. The intensity of the threat during the Unidad Popular's government, together with much more acute concomitant processes of flights of international (and national) capital and inflation, led to an almost complete collapse of the working mechanisms of this capitalism. This also has to do with the significantly greater reduction of the income level of a sizeable part of the population, as well as with the numerous antieconomic consequences of the greater weight of the repressive apparatus entailed by this BA's particularly brutal implantation conditions. In such a situation, in spite of the almost fanatical orthodoxy of the managers of its economy—and the immense social costs it entails—the Chilean BA finds unprecedented difficulties in creating minimal working mechanisms for the economy and for the believable "final" extirpation of the threat. In these conditions—that suggest another bifurcation with which we cannot deal here—the Chilean BA seems to be making unsuccessful efforts to constitute the duet, insisting on an orthodoxy that punishes its society ever more harshly and at the same time is insufficient to attract foreign productive capital.
  60. On the characteristics of this BA, Juan Linz, "An Authoritarian Regime: Spain," in E. Allardt and S. Rokkan, ed., *Mass Politics* (New York: The Free Press, 1970). The Spanish Civil War may be considered as the precedent of maximum threat among those we have considered so far.
  61. Evidence of this is plentiful; for example, see Robert Scott, "Mexico: The Established Revolution," in Lucien W. Pye and Sidney Verba, *Political Culture and Political Development* (Princeton, N.J.: Princeton University Press, 1965), pp. 330-95.
  62. This remark is inspired by Robert Kaufman, "Notes on the Definition, Genesis, and Consolidation of Bureaucratic-Authoritarian Regimes," Rutgers University, March 1975, mimeographed.
  63. On the abundant relevant bibliography see, above all, Ricardo Cinta G., "Burguesia nacional y desarrollo," and Julio Labastida, "Los grupos dominantes frente a las alternativas de cambio," both in *El Perfil de México en 1980* (México, D.F.: Siglo XXI, 1970), 3:165-99 and 3:99-164, respectively; Roger Hansen, *La Política del desarrollo mexicano* (México, D.F.: Siglo XXI, 1971); Morris Singer, *Growth, Equality, and the Mexican Experience* (Austin: University of Texas Press, 1969); Carlos Baszdrach, "El dilema de la política económica actual," *Foro Internacional* 14, no. 3 (enero 1974); Comisión Económica para la América Latina, CEPAL, *Economic Bulletin for Latin America* 12, no.

- 2 (October 1967); José Luis Ceceña, *El capital monopolista y la economía de México* (México, D.F.: Cuadernos Americanos, 1963); Miguel Wionczek, "La inversión extranjera privada en México: problemas y perspectivas," *Comercio Exterior* 20, no. 10 (octubre 1970); and *Authoritarianism in Mexico*, ed. José Luis Reyna and Richard Weinert (Philadelphia, Pa.: ISHI, 1977).
64. See Hansen, *La política*, for a comparison of the timing of the beginning of the deepening in Mexico in contrast with Argentina and Brazil.
  65. In addition to the works cited in note 63, also see Ifigenia Navarrette, "La distribución del ingreso y el desarrollo económico en México," in *El Perfil* 1:15-72
  66. On this aspect of the Spanish case see Charles Anderson, *Political Economy of Modern Spain: Policy-Making in an Authoritarian System* (Madison: University of Wisconsin Press, 1970).
  67. On this aspect, see Reyna in the forthcoming book by Reyna and Weinert. On the transformations of Mexican authoritarianism and their close connection with problems discussed herein, also see Cinta G. and Labastida in *El Perfil*; for a disagreement with some of the views I present here, Julio Labastida, "Proceso político y dependencia en México," UNAM, Instituto de Investigaciones Sociales, México, 1976, mimeographed.
  68. Among other revisions of the usages of the term "fascism" and convincing reasonings favoring a restricted use of it, see Renzo De Felice, *Le Interpretazioni del fascismo* (Bari: Laterza, 1969).
  69. I cannot quote here the abundant relevant bibliography. The best general overview is Hugh Seton-Watson, *Eastern Europe between the Wars, 1918-1941* (London: Cambridge University Press, 1946). For general information on the economy of this region during this period, Frederick Hertz, *The Economic Problem of the Danubian States* (London: V. Gollancz, 1948); Wilbert Moore, *Economic Demography of Eastern and Southern Europe* (Geneva: League of Nations, 1945); and Political and Economic Planning Group, *Economic Development in South Eastern Europe* (London: Oxford University Press, 1945). Although further detail has to be left for another time, it is necessary to point out that I especially mention Poland and Hungary because their socioeconomic structure between the wars was that most resembling the Latin American BAs around the time of their implantation. It does not seem coincidental that the most "developed" country of the region (in terms of already having a high degree of vertical integration of its industry, of being the only important exporter of industrial products in the region, and of having an important agrarian middle class in the Czech zone) was Czechoslovakia, the one country in which political democracy survived until the German invasion. On the other hand, countries such as Yugoslavia, Greece, Rumania, Albania (and Portugal), less industrialized than Poland, Hungary, and Austria, in line with what I have argued generated "traditional" (not BA) patterns of authoritarian domination.
  70. On these significant similarities, see Marian Malowist, "Croissance et régression en Europe, XIV-XVII siècles," *Cahiers des Annales* (Paris), Ecole Pratique des Hautes Etudes, 1972, especially pp. 176-215; Witold Eula, *Les débuts du capitalisme en Pologne dans la perspective de l'histoire comparée* (Roma: Angelo Signorelli, 1960) and "L'origine de l'alliance entre la bourgeoisie et les propriétaires fonciers dans la première moitié du XIXème siècle," in *La Pologne au XXème siècle* (Warsaw: Congrès International des Sciences Historiques, 1955), pp. 217-33; Wallerstein, *The Modern World System*, especially pp. 300-345; Jerzy Topolski, "La régression économique en Pologne," *Actas Poloniae Historica* 7, no. 46 (1962); and Marian Malowist, "The Problem of the Inequality of Economic Development in Europe in the Latter Middle Ages," *Economic History Review*, 19, no. 1 (April 1966).
  71. Among others, see James Taylor, *The Economic Development of Poland, 1919-1950* (Ithaca, N.Y.: Cornell University Press, 1952); Ferdinand Zweig, *Poland between Two Wars* (London: Secker & Warburg, 1944); Leopold Welisz, *Foreign Capital in Poland* (London: George Allen and Unwin, 1938); Tibor Berend and George Ranki, *Hungary: A Century of Economic Development* (New York: Barnes & Noble, 1974); and Karl

Rothchild, *Austria's Economic Development between the Two Wars* (London: Frederick Muller, 1947).

72. Andrew Janos calls them "bureaucratic regimes" to distinguish them from fascism; see "The One-Party State and Social Mobilization: East Europe between the Wars," in Samuel Huntington and Clement Moore, ed., *Authoritarian Politics in Modern Societies: The Dynamics of Established One-Party Systems* (New York: Basic Books, 1970), pp. 204-35. Some fundamental works for the study of what I believe may be considered the BAs of Poland, Hungary, and Austria between the two world wars are: Alfred Diamant, *Austrian Catholics and the First Republic: Democracy, Capitalism, and the Social Order* (Princeton, N.J.: Princeton University Press, 1960); Elisabeth Barber, *Austria 1918-1972* (London: MacMillan, 1973); Félix Kresissler, *De la révolution a l'annexion: La Autriche de 1918 a 1938* (Paris: Presses Universitaires de France, 1971); Franz Borkenau, *Austria and After* (Faber & Faber, 1938); Charles Julick, *Austria from Hapsburgh to Hitler*, 2 vols. (Berkeley: University of California Press, 1948); Andrew Janos, "Hungary 1867-1939: A Study of Social Change and the Political Process," Ph. D. dissertation, Princeton University, 1960; Carlile Macartney, *October Fifteenth: A History of Modern Hungary, 1929-1945* (Edinburgh: Edinburgh University Press, 1957); Robert Machray, *The Poland of Pilsudski* (London: Allen & Unwin, 1936); and Antony Polonski, *Politics in Independent Poland, 1921-1939: The Crisis of Constitutional Government* (Oxford, Eng.: Clarendon Press, 1972).