Abstract. The aim of this paper is to discuss the long process of independent states formation and consolidation in Latin America, including the overseas economic, political and ideological influences in the building of the national states and their progressive integration into the emergent global system.

Key words: Latin America, economics, ideology, national states.

Economia e o estado latino-americano: ideologia, política e desempenho, c. 1820-1945

Resumo. O objetivo deste trabalho é discutir o longo processo de formação e consolidação dos Estados independentes na América Latina, incluindo as influências econômicas, políticas e ideológicas do exterior na construção destes Estados nacionais e sua progressiva integração no sistema global emergente.

Introduction

This article is framed by three broad hypothesises. First, that in the hundred years between the 1840s and the 1940s, many Latin American states achieved the substance of sovereignty: they obtained international recognition, defined and came to control national frontiers and exercised authority within those boundaries. There were, of course, some exceptions, principally in the circum-Caribbean. Second, that state formation was conditioned by ideas and agents imported from overseas and that Latin American ‘state-builders’ of the period saw no conflict between this and constructing ‘national’ sovereignty. Rather, the establishment of sovereignty was conceived as the means by which further integration into the emergent global system of the late nineteenth century could be achieved. Third, that if elsewhere states were ‘made’ by capitalists, in Latin America states created business.

For much of the period Latin American decision-takers regarded the continent as part of what would later be described as the western, capitalist world - or aspired to membership of the capitalist club. Furthermore, there was little echo of a desire for distance from Europe, a sentiment which shaped US views of international relations and played a powerful role in domestic politics. On the contrary, Latin American proponents of independence and their successors looked overseas for models in a quest to construct modern polities, societies and economies. In several parts of Spanish America there were projects to establish constitutional monarchy. Everywhere, British material and political support was anxiously sought. In contrast, the promulgation of the Monroe Doctrine by the USA 1820s excited little attention, save in the north. Indeed, Bolivarian attempts to foster americanismo either ignored or were designed to marginalise the USA while trying to engage British and French attention. By the end of the nineteenth century Latin Americans - particularly those who resided in countries of, and bordering on, the Caribbean - were less able to ignore the USA and throughout the area elites were aware of the resurgence of colonialism in Africa and Asia. Nevertheless, South American regimes remained confident of their independence and capacity to defend it.

The struggles for independence at the beginning of the nineteenth century weakened (and in the case of Spanish America virtually destroyed) existing administrative apparatuses. Although challenged by other European powers in the seventeenth and early eighteenth centuries and subject to increasing tensions from within, the panoply of Imperial government and much of the substance of mercantilist commercial monopoly remained intact. Indeed, administrative reorganisation (the Bourbon reforms in Spanish America and the Pombaline in
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the Portuguese world) instituted in the late eighteenth century reinvigorated imperial administration and defence while efficacious programmes of ‘development’ (fomento) and imperial ‘free’ trade (comercio libre) promoted economic revival in many regions after decades of stagnation and decline. Administrative reorganisation and economic growth, driven by metropolitan security and fiscal requirements, succeeded in the immediate objective of promoting a flow of treasure to Iberia. But at the cost of triggering political antagonism and social protest which would ultimately contributed to the collapse of the ‘colonial compact’ (Lynch, 1958, 1986 and Maxwell).

In promoting a mercantilist revival, the so-called ‘second conquest’ of the Bourbon and Pombaline era both conflicted with liberal ideas then being transmitted to Latin American elites and demonstrated the apparent utility of state intervention. This paradox would influence later government action. Nevertheless, the immediate consequences of the end of empire was state shrinkage and administrative weakness. With only a few exceptions, economic dislocation, incipient social revolution and intra-elite rivalry coupled with a loss of bureaucratic competence seriously weakened - if it did not destroy - the capacity of emergent states to govern. The reach of independent states was constrained by a loss of the monopoly of violence, foreign intervention and a retreat into subsistence. Almost everywhere sovereignty was shared or surrendered as regional strongmen (caciques or caudillos), who often emerged from the irregular military forces of the independence period, exempted themselves and their provinces from the writ of newly established ‘nation-states’. As governments in Mexico City, Rio de Janeiro, Buenos Aires, Bogota, Caracas and Lima sought recognition in London, Paris, Madrid and Washington, national sovereignty was challenged by up-country interests and neighbouring regimes.

Yet by the middle of the twentieth century, the symbols of statehood and sovereignty appeared to be respected and effective across most of the continent. With very few exceptions, by the 1940s the central state (and the central bureaucracy) was much stronger than its regional counterparts. Economic and political decision-making had become centralised and national governments appeared secure from internal challenge. Arguably, some of the most novel - and most effective - features of state sovereignty were to be found in the economy and the field of economic-policy making. New banking institutions, commodity boards, and regulatory agencies seemed to be firmly under bureaucratic control, rather than in the hands of producers or financiers (the coffee growers association, FEDCAFE, in Colombia was an notable exception). Domestic and foreign business apparently acquiesced to a larger role of the state as manager and producer - and sometimes as a competitor. Even in the oil sector, the nation-
state was successfully flexing its muscles having expropriated foreign-owned petroleum companies in Mexico, established a state monopoly of exploration and exploitation in the Argentine and attempted to promote a national oil enterprise in Brazil (Wirth). The 1930s and 1940s also witness a larger government role in the provision of energy and transport services and, in some countries, attempts to establish (or modernise) heavy industries. Having earlier assumed an important role in the League of Nations, Latin America was also well represented in the United Nations and its associated bodies. (The Argentine was the obvious exception in the immediate post-War years.) The good neighbour policy essayed by the USA in the 1930s and European rivalry and the 1930s and exhaustion after the Second World War also pointed towards a diminution of the threat to sovereignty from outside. Indeed, some Latin American regimes, like that in Buenos Aires, assumed that super-power rivalry in the 1950s would allow Latin America more space in the international system, enabling secure, competent states to play off one power against the other as the Vargas administration in Brazil was said to have done in the 1930s (Hilton). Would the onset of the Cold War and super power conflict yield opportunities for autonomy similar to other periods of multi-polarity in the international system?

This transformation was brought about by effective insertion into the international system and by conscious attempts to promote economic activity. From the late nineteenth century until the 1960s or 1970s, Latin American states attempted to ‘embed enterprise’. In the latter part of the nineteenth and early twentieth centuries this was done through external economic opening (strategies that pre-figured those advocated by neo-liberals in the 1980s and 1990s) and pragmatic intervention in domestic markets (historical examples vaunted today by critics of crass or highly doctrinaire exponents of the new, liberal economic model). After the 1930s, and more especially the 1940s, there was a greater correspondence in domestic and external policies as government intervention became more explicit and the state sector increased in size while the economy was progressively (but only partially) de-linked from the global system. Nevertheless, the quest to foster business was sustained throughout this period, even if the policy rhetoric became more nationalistic after the 1930s.

The project for ‘national’ development enshrined in the analyses, prescriptions and policies of the Economic Commission for Latin America (today ECLAC) - known as developmentalism (cepalismo) - which was rapidly disseminated after the 1940s assumed an indigenous entrepreneurial capacity. By the Second World War period, this required not so much nurturing by the state as sheltering from unfair foreign competition. Cepalismo explicitly addressed the needs of the (industrial) entrepreneuriat but echoed many earlier pre-occupations (Weaver).
The statism of ECLA was not anti-business, on the contrary, nor was it anti-
foreign or anti-export, though the export pessimism that informed cepalista policies
assumed that after the Second World War global commercial and financial growth
would be sluggish and skewed in favour of trade in manufactures. Hence the need
to ‘re-negotiate’ Latin America’s international insertion though industrialisation
and export diversification.

The contrasts between the welfarism and developmentalism of post-
1930s populist regimes and their predecessors are obvious but may be
exaggerated. Latin American states in the third quarter of the nineteenth century
had also supported business. State consolidation through international insertion
had generated opportunities for local agents. Indeed, the exports which yielded
fiscal resources that under-wrote institutional consolidation signalled the valorised
local assets. Railway building and to a lesser extent the proliferation of banks
sustained capitalists (local and immigrant), not least by providing low priced
services, the costs of which were often socialised. In addition, while pursuing
classical liberal functions of removing mercantilist barriers to individual initiative
by abolishing ‘colonial’ corporations, the nineteenth-century state managed a
massive transfer of factors to the private sector. The attack on corporate and
collective landholding and military campaigns against nomadic indians produced
windfall gains of land and labour for private capitalists who now benefitted from
greater security. The ‘liberation’ of domestic factors was complemented in some
areas by subsidised imports of capital and labour. Sometimes the main
beneficiaries were local capitalists, on other occasions immigrants and yet others
foreign enterprises. Nevertheless, the objective was to create ‘business’, the
assumption being domestic (or settler) enterprise. Positivism ‘order and progress’
was designed to create an indigenous entrepreneuriat while not seeking to exclude
foreign agents.

The success of the economic strategy of the oligarchic and proto-populist
state may be questioned. There was economic growth, sometimes rapid, always
erratic and unevenly observed across the continent. In most cases, state structures
established in the third quarter of the nineteenth century proved remarkably
durable. Challenges were experienced in the inter-war decades, and there were
changes. But were the challenges any greater than occurring elsewhere and were
the changes so substantial? It may have suited those who assumed power in the
1930s and 1940s to depict their regimes as radical and representing a rupture with
previous arrangements but many historians point to important areas of continuity
in organisation and structure. The language of economic policy certainly became
more nationalist and statist, but was cepalismo anything more than a coherent
amalgam of ad hoc initiatives applied sporadically since the inter-war decades or

even earlier?

For Latin America, the struggles for independence had been only the first step towards sovereignty. The principal issue was how to make that sovereignty effective - how to establish distinct, national institutions and to construct new states from the chaos of the collapse of Iberian empire. For contemporaries, the answer lay in the construction of institutions modelled on those of the North Atlantic world, secured on growth fostered by applying theories of economic internationalism. This paper will assess the extent to which these objectives were realised. It will examine the political economy of state construction and the mechanisms of growth. The first section identifies the main events shaping institution formation in the immediate post-independence decades. This is followed by an examination of the character of the oligarchic state, the emergent populist state which displaced it and the tensions generated by this process. The final section assesses the consequences for state structures of integration into the world economy.

Imperial Collapse and State-building

Several factors influenced state formation in Latin America during the half-century following independence from Spain and Portugal in the 1820s. One involved the creation of 'national institutions', a process conditioned (especially in Spanish America) by the near total destruction of existing administrative arrangements. Arguably, the only 'colonial' organisations to survive were the landed estate and the Roman Catholic Church, though in most regions the influence of the Church was weakened by the destruction of property, loss of personnel and, ultimately, by a rising tide of anti-clericalism. Across the continent, the destruction of imperial authority - viceregal government, intendancies, systems of justice, commercial organisations and loyalist armed forces - coupled with the expulsion of Spanish bureaucrats and merchants and the flight of capital created a power vacuum which was only filled with difficulty. Brazil accomplished the transition from colony to independent empire (and, in 1889, republic) with less difficulty. A short, but far from bloodless, encounter between nationalist forces and residual Portuguese authority facilitated the continuity of 'colonial' institutions - monarchy, plantation and slavery - with little crisis of legitimacy. However, even in Brazil, the struggle for independence assumed elements of civil war rather than a clear-cut conflict between American patriots and metropolitan authority. The principal difference with Spanish America, in addition to the intensity of the revolutionary wars, was the duration of the conflict which, in some regions, lasted from the 1800s to the 1820s. Hence in several Spanish American republics independence proved more
s Economically damaging, provoked greater social conflict and made the task of institution-building more problematic. In another respect, independence for Latin America carried a high price tag. Unlike the USA which enjoyed substantial material and financial aid from Spain and France during the conflict with Great Britain, Latin America had to cover the costs of independence from domestic sources and foreign borrowing, a burden which destabilised state finances for several decades (Marichal).

Ideologies imported from abroad were another factor influencing state-building. By the end of the eighteenth century, and despite concerted attempts to discourage the circulation of sedition, new political ideas associated with the Enlightenment, the War of American Independence and the French Revolution were circulating in Latin America. The dissemination of these ideas was fostered by closer inter-American commercial relations when communications with Europe were disrupted by the French Revolutionary and Napoleonic wars and, after 1807/8 as ports were opened to friendly commerce, in contravention of colonial commercial restrictions, by loyalist and insurgent administrations strapped for cash (Liss). In Brazil, the arrival of the Portuguese court, which left for Rio de Janeiro under the protection of a British naval squadron following the French invasion of the Peninsula, had a considerable impact. Everywhere, commercial contacts multiplied in the 1810s and 1820s. Foreign, particularly British and US, merchants displaced their Spanish and Portuguese counterparts in the principal ports and were also, occasionally, to be found in up-country retailing. By the beginning of the nineteenth century the writing of Adam Smith, Jeremy Bentham and Tom Paine had been translated into Spanish and Portuguese and were circulating amongst the creole elite in Latin America.

Unsurprisingly, the political debate in Latin America was influenced by the ‘models’ of an independent USA and republican France just as the economic was shaped by the flood of cheap, largely British, imports and news about US expansion. In the face of the weakness and intransigence of the government in Madrid, concepts of independence, constitutionalism and republicanism rapidly gained ground in Spanish-speaking regions as groups committed to the imperial connexion or the establishment of constitutional monarchy were outmanoeuvred (or routed) by more radical nationalists. Gradually, free trade ideals also came to the fore, even in those republics like Mexico, where there were entrenched vested interests favouring protection (Potash, Thompson). While, in theory, protectionist measures may have been in force from time-to-time, exemptions, the suspension of regulations prohibiting imports and smuggling ensured that much of coastal Latin America was in effect a ‘free trade zone’. And, almost everywhere, newly-installed governments viewed taxing foreign trade as a convenient device to raise
revenue. Consequently, by the middle of the nineteenth century most republics were open to the world economy while ‘unequal treaties’ with Britain ensured that Brazilian tariffs were pegged at revenue-duty levels.

For some, ‘free trade’ was representative of a larger commitment to economic liberalism. This is an over-simplification. While concepts of economic liberalism may have become dominant by the 1880s, in several countries protectionist (or mercantilist) forces fought a determined - and often successful - rearguard action (Haber, Nicolau, Ospina Vasquez, Potash, Thompson). And, as will be indicated below, interventionism was an enduring tradition. There was, too, the supposed, successful example of Paraguay, an industrialising, closed economy (Batou, Williams). Nevertheless, freer trade with the rest of the world was one of the most immediate features of the end of Iberian empire in Latin America. This was part pragmatic and part ideological. Some of the more radical proponents of independence asserted that policies of *laissez-faire* and *laissez-passer* (which were assumed to be in place in burgeoning Anglo-Saxon, North Atlantic economies) were the way forward. As there twentieth century counterparts would re-state, nineteenth-century liberal political economists argued that there was no alternative to international insertion. Others simply saw enlarged prospects for exports through direct trade with the world economy.

The immediacy of trade expansion in the 1810s and, to a lesser extent in the 1820s, masked limits to Latin American commercial participation in the global economy. Windfall commercial and financial opportunities at this point and the euphoric rhetoric of independence also disguised difficulties of institution-building. The rapid creation of nation-states was confounded by several problems. As implied above, in large parts of Spanish America, the scale of institutional collapse served not as a *tabula rasa* on which a new order could be readily inscribed but, given the violence and protracted nature of the revolutionary struggles, intensified barriers to establishing new legitimate institutions. In part this was also due to the internecine and inter-ethnic nature of the wars of independence. Perhaps, too, the problem was due to the incomplete nature of the ‘revolution’.

By the 1850s, and notwithstanding frequent insurgent recourse to the language of the French Revolution, it was clear that independence had resulted in little more than the substitution of one segment of the dominant (white) elite by another. Yet, there were moments from the 1800s to the 1840s when it seemed that a more profound social transformation might be underway. In Mexico, Venezuela and Peru, in particular, the struggles for independence sometimes assumed the character of inter-caste conflict as variously royalists and insurgents played the race card, promising freedom to slaves or enhanced social

opportunities for indians or those of mixed race who joined their cause (Anna, Bonilla, Lynch, 1986). In those societies with large indian and mestizo populations, intra-elite conflict during and after the independence period always carried with it the threat of ethnic revolution from below. Hence, to describe the immediate post-independence period as one of building new institutions may be to dignify crude attempts by an alarmed white elite to re-establish the late colonial social pecking order beneath a veneer of progress through a cosmetic and selective absorption of individual blacks, indians and mestizos who had played a prominent role in revolutionary wars and by the removal of petty legal discrimination based on race (Halperin Donghi). Murilo de Carvalho argues that a shared educational experience (sons of upper sections of the Brazilian oligarchy were educated at the University of Coimbra, Portugal, and later at the law schools of Pernambuco and Sao Paulo) and service in the imperial administration forged cohesion and a sense of ‘national project’. This experience and training also condition in the governing class a view of the primacy of the state and, possibly, of the central state standing above - and arbitrating between - sectional interests (Pang, Uricoechea). It is equally likely that the existence of slavery - coupled with the example of slave revolt in Haiti at the beginning of the century - proved an effective a social cement, limiting intra-elite factionalism at least until the 1870s.

Geography and economic crisis also inhibited the process of re-establishing order and re-forging elite unity in Spanish America. Hence, while the political integrity of Portuguese America held, all the large Spanish viceregal administrative units splintered into states based loosely on colonial sub-divisions. With the rejection of Spanish authority, the tyranny of distance (coupled with regional rivalry dating from the colonial period) in part explains the Balkanisation of Spanish America. Reduced economic resources also limited the ability of administrations, like the Rivadavia and Rosas regimes in Buenos Aires, which aspired to sustain the integrity of larger colonial units to do so (Halperin Donghi, Lynch, 1981). Economic contraction - and the conflict over resources which this often occasioned - fostered political disintegration. This was particularly the case in those colonies where the production of precious metals had served as an engine of growth and/or generated subsidies to finance defence and administrative costs. As the case of Mexico and, to a lesser extent, Upper (Bolivia) and Lower Peru demonstrated during the independence and early national periods, the mining sector was particularly susceptible to political instability. The mines depended on effective administrations to guarantee a flow of essential inputs, capital, labour and supplies in order to maintain the infrastructure of production. Given the prevailing technology, plundered or abandoned mines proved virtually impossible to bring back into production once flooded or when labour supplies could not be
guaranteed (Rippy, Fisher). The history of early independent Mexico also shows that as economic resources dwindled, politics rapidly became a zero sum game (Anna, Stevens). The result was a dangerous cocktail of social demands from below and intra-elite rivalry. The consequences are well documented. Successive Mexican regimes were unable to fulfil even the most basic requirement of national sovereignty - the defense of statehood in the face of domestic rebellion and external aggression. The richest and most populous Latin American economy on the eve of independence, Mexico had lost half its national territory and had virtually disintegrated into a loose collection of autarchic regions by the 1850s. Shorn of Bolivian (Upper Peruvian) silver, viceregal and national administrations in Buenos Aires also lacked the where-with-all to sustain the territorial integrity of the Rio de la Plata. Agricultural activities, even plantation economies dependent on slavery, proved more resilient than mining. Here the problem of regeneration was associated with the operations of the world market - the buoyancy of international demand and the threat of foreign competition.

The history of state-formation in the half-century following independence demonstrates that institution building proved most problematic in those areas where the revolutionary wars lasted longest (for example northern South America and the River Plate region), where there were large indigenous populations (such as the Andes and Mexico) and where silver mining had been an important element in the colonial economy. In Brazil, where the struggle for independence was short and occurred ‘late’, and in Chile, where military conflict was particularly short-lived, national administrations were fairly rapidly and successfully established. National consolidation was also sustained by economic growth. Although the relatively smooth nature of the transition from colony to co-Kingdom, when Rio de Janeiro became the capital of the Portuguese world, and independent empire should not be exaggerated, the early development of coffee exports, which rapidly out-performed the ‘colonial’ staple, sugar, generating new opportunities and resources. Chile benefited from its strategic location as a West Coast entrepot, producing and shipping grain to neighbouring republics (and, after the 1840s, to California) and copper to mainland Asia and Great Britain (Bauer, Veliz). For contemporaries, this raised the question of whether domestic institutional order conditioned the ability to seize economic opportunities resulting from international economic growth or whether external commercial openings - and the resulting increase in resources - fostered regime consolidation. Many of those who promoted independence assumed that it was the former. The reality, however, may have been different, namely that it was the growth of the international economy after the 1840s that ultimately fostered domestic institutional consolidation and state modernisation. Those societies most able to
realise a flow of exports - particularly ‘new’ commodities such as wool, wheat, non-precious metals and coffee - were amongst the first to enjoy domestic sovereignty and, possibly, pre-empt or reverse the process of territorial disintegration.

The Political Economy of the Oligarchic State

In an early work Frank argued that Latin America was thoroughly incorporated into the modern capitalist economy by the sixteenth century. Few would now accept that assertion (Abel & Lewis, Bushnell & Macaulay). Latin America’s integration into the world system - essentially the North Atlantic economy - was regionally and commodity specific until the late nineteenth century. The export trade of colonial Latin America was dominated by silver and sugar and, periodically, gold, gemstones and dyestuffs such as cochineal and indigo. By the end of the colonial period a limited range of animal products, for example, hides and tallow, were also entering world markets. While these commodities determined economic and political activities in regions where they were produced, the impact was geographically confined. Only after the 1870s were all Latin American countries thoroughly integrated into the global economy. At this point domestic linkage effects proliferated as the size of the foreign trade sector expanded in both absolute and relative terms. The outward movement of the frontier of export production pressed upon subsistence: national economies were slowly integrated and monetised.

Applying the modern usage of the term, it can be safely stated that, with few exceptions, nation-states hardly existed in Latin America in 1850. Boundaries were ill-defined, administrative units separated from each other by distance rather than precisely demarcated frontiers. Few in the continent would have understood the concept of nationality - political rights were narrowly circumscribed, slaves were not citizens and, in many regions, Indian communities still existed as societies apart, subject to distinct legal and fiscal arrangements. For most people living in Latin America at mid-century, the landed estate, rather than the nation-state, constituted the ‘political universe’. Linguistic and ethnic divisions, as well as the form of economic activity, isolated groups from one and another. By 1900 this had changed. The incidence of domestic political instability declined during the third quarter of the nineteenth century and there was greater security of international frontiers. Everywhere symbols of national sovereignty proliferated. Constitutions were enacted, legal codes passed into law, national armies created (substituting for provincial militias or irregular forces commanded by rural strongmen), national postal and telegraphic services were set up and national
currencies were issued. There were, too, attempts to inaugurate national systems of primary education and, in some capital cities, newspapers began to aspire to a national status if not a to national circulation. And population increased. Circa 1820 total continental population was about 21 millions, approximately the same as the United Kingdom, or double that of the then USA: Mexico had a population of 6.5 millions followed by Brazil, 3.9m.; elsewhere national populations were substantially less than two million, more usually less than one million. By 1900 there were almost 62 million Latin Americans compared with 76m. in the USA and 42m. in the UK.

It was at this point that the struggle to conform Latin American political and economic norms to perceived practice in the North Atlantic world began to bear fruit, in contrast to failed attempts at modernisation in the River Plate (Bagu, Burgin, Bushnell, Lynch, 1981) and further north (Gootenberg, Lofstrom, Safford, Stevens) in the 1820s and 1840s. The emergence of greater opportunities for Latin America in the world economy was illustrated by the buoyancy of primary product prices throughout the middle third of the nineteenth century (Foreman-Peck, W.A. Lewis). Some countries, like the Argentine were even able to skew the terms of trade in their favour beyond the turn of the century by diversifying export schedules. Export growth valorised local assets and generate additional resources, notably for the central state or groups strategically placed to capture a disproportionate share of additional resource flows. Arguably the most critical economic organisations in late-nineteenth century Latin America were railways and banks, sectors where the national state assumed an increasingly important role either as promoter or operator or both (Coatsworth, Kirsch, C.M. Lewis, Tede & Marichal, Topik). This implied greater state access to resources.

The Argentine and Peru were among the first countries to experience an export boom between the 1840s and 1880 involving ‘new’ commodities, wool and guano respectively (Chiaramonte, Hunt, Mathew). Notwithstanding the controversy surrounding the international economics and politics of the guano age, it is undeniable that income for guano (which was a state monopoly) underwrote the modernisation of various aspects of Peruvian economy and society. The abolition of slavery (with compensation) and the final demise of Indian tribute, a long-held aspirations, was made possible by this new-found source of government income (Blanchard, Gootenberg, Hunt). Despite massive waste, some guano revenue also found its way into public works projects and indirectly financed the modernisation of sugar production and possibly sections of manufacturing (Hunt, Mathew, Thorp & Bertram). In the Argentine, wool production similarly triggered social change, drawing in immigrants, changing patterns of land ownership (in the north and east of the province of Buenos Aires).
and dramatically increasing the value and vitality of exports (Chiaramonte, H. Sabato).

The production of new commodities and the diversification of export schedules either promoted regime consolidation or, by modifying existing regional power relations, regime change. Either way, the net result was regime modernisation. Much, of course, depended on the sectors to whom these new resources accrued and how they were spent. Nevertheless, it is instructive that in cases as distinct as the Peruvian and the Argentinian, the export of new commodities generated a massive increase in state resources and investment in infrastructure. Taking British investment data as a proxy for larger changes, between 1865 and 1887 the nominal value of Peruvian bonds placed on the London money market increased nine-fold: the British holding of Argentinian public bond increased by a slightly smaller factor. During the same period direct British investment in railways in Peru increased more than twelve-fold and in the Argentine by a factor of 10 (Edelstein, Rippy). (It should be remembered that a proportion of portfolio debt was also applied to railway building.) As well as promoting domestic market integration and export production, improved internal communications strengthened the hand of central government (Abel & Lewis, Coatsworth). Along with the Remington rife, the railway and the telegraph became symbols of 'progress' and 'order'.

With export expansion came imports and the prospect of enhancing state revenue. The immediate post-independence period witnessed a narrowing of the fiscal base in most countries. This was partly due to nationalist and partly to ideological considerations. Proponents of independence has protested against the burden of colonial taxation and fiscal transfers to Iberia. Spanish imperial administration had been financed by a multiplicity of indirect taxes on consumption (the *alcabala*), licences (*patentes*) required to practice a profession or trade, state monopolies (*estanco*) - notably tobacco, and from time-to-time, the sale of offices, as well as direct taxes, principally on silver production and, less significantly, land dues and indian tribute. Imports and exports were also taxed. During periods of emergency, forced loans might be extracted from merchants and notables. In addition, tithes were collected for the Church which also levied charges from parishioners for the performance of offices such as baptism and marriage. Many consumption taxes were abandoned at the time of independence and the scaling down of direct imposts by newly politically empowered elites unwilling to tax themselves was justified by reference to the need for liberal reform. Namely that fiscal changes would promote production because they allow producers to retain - and invest - a larger share of income generated from market activities. Imports, financed by export earnings, appeared to promise a
secure source of revenue and one, moreover, that could be mortgaged to underwrite foreign borrowing. If the growth in the foreign trade sector did not broaden the fiscal base, at least it deepened the purse into which a government could dip. During the last third of the nineteenth century, once claims arising from loans in default since the 1820s had been resolved, governments gained access to foreign money markets, raising funds for capital projects and to cover current expenditure. Inflows of foreign funds reduced the cost of state borrowing and may have weaned some administrations away from dependence of inflation as a means of financing the state (Marichal). External borrowing, however, was not a costless exercise. It carried implications for domestic monetary policy and the threat - and sometimes the reality - of supervision by foreign banks as regimes in Buenos Aires, Rio de Janeiro and beyond discovered in the 1890s (Fritsch, Franco). By the end of the nineteenth century most Latin American governments were as concerned about overseas credit rating as their late twentieth century and business counterparts. While there was no general investment service, grading states and enterprises according to their creditworthiness, Latin American diplomats in London were instructed to report on the quotation of national debt and hardly a government seeking to issue new paper attempted to do so before first massaging the quotation of old debt. While much of the information was only accessible to insiders, the sheer number of dealers ensured that the markets provided a fairly accurate assessment of individual borrowers and, perforce, agents acted accordingly.

It is, therefore, no coincidence that around the third quarter of the nineteenth century there were further efforts at institutional reform in many parts of the continent. Perhaps the most notable were attempts to impose capitalist norms on land and labour markets. Overtly driven by liberal precepts of property, mechanisms such as the Lei da terra (1850) in Brazil and the Ley Lerdo (1856) in Mexico, were designed respectively to promote freehold and prohibit corporate/collective land-holding. The result was a massive transfers of assets into private hands, usually existing latifundistas. In the Argentine, the so-called ‘desert campaign’ against nomadic indians in 1879/80 had a similar effect. Despite the liberal rhetoric, land-holding became increasingly less democratic between the 1840s and 1880s as one-off disposals resulting from the alienation of formerly communally held and ecclesiastical property and the seizure of fertile frontier zones from nomadic populations were commandeered by agro-export elites through the application of market and non-market mechanisms. By the beginning of the twentieth century, patterns of land ownership were particularly inequitable in Mexico, Central America and the Andes.

Legislation relating to ‘labour’ was more piecemeal, often subject to
repeated revision, though no less controversial in its impact. In plantation economies such as Cuba and Brazil, the massive surge in export production undoubtedly strengthened archaic institutions such as slavery. Yet even in these cases there were subtle changes in labour relations. The trans-Atlantic slave trade came to an end in the 1850s - around the time that the institution effectively died elsewhere in Latin America - and from the 1860s to the late 1880s (when slavery was finally abolished), immigration, the freeing of different categories of slaves, the use of Asian contract labour (in Cuba) and the recruitment of domestic non-slave labour made for greater complexity in labour markets in the dynamic coffee economy of Sao Paulo and the sugar sector in Cuba (Lamounier, Moreno Fraginals). During the last decades before abolition, and despite the concentration of slaves on paulista coffee fazendas and Cuban sugar estates, the majority of rural workers were technically free. Arguably, planter attitudes to workers (whether slave or free) did not necessarily change as dramatically. Did the Slave Code gradually evolve into a ‘Labour Code’? Similar controversy surrounds other mechanisms - debt peonage, share-cropping and contract labour (enganche). Were these devices the means of extending slavery or did they constitute a phased transition to a ‘free’ labour market? Relatively new research tends to challenge earlier negative constructions placed on these mechanisms and depict them as contributing to the emergence of wage-labour (Bauer, Gonzalez, Katz).

Mass immigration effected a more obvious and a more thorough-going change in the labour market and in labour relations. Between the mid-nineteenth and the mid-twentieth century, the Argentine received over 7.4 million immigrants and Brazil something less than five million (Sanchez Alborno). They were, respectively the second and third most favoured destinations of European emigrants after the USA. Other countries, notably Uruguay and Cuba, also received substantial numbers of immigrants. European immigrants also settled temperate regions of Chile, Colombia and, to a lesser degree, Mexico. Indeed, virtually every country attracted immigrants but mass inter-continental free migration flowed overwhelmingly to the grasslands of southern South America. Immigration of this order had a significant demographic, social and political impact. Between 1869 and 1914 net immigration accounted for almost one half of total population growth in the Argentine. Yet, while almost 70% of all immigrants entering Brazil remained there, only a little over 50% did so in the Argentinian case. This was undoubtedly due to the nature of immigrants. For several decades Brazil offered assisted passages to immigrant families (Holloway). Assisted places were only available to emigrants to the Argentine for a very limited period in the late 1880s and by this time the entry of single, seasonal male workers represented a large proportion of gross immigration to the River Plate. Again,
controversy surrounds the long-term impact of mass immigration. Did subsidised
and contract labour depress wages or did subsidies represent a ‘savings’ advance
to would-be settlers? Whatever, large-scale immigration had a profound
demographic and political impact. There was re-newed discussion about the
shape and role of the state and a reaction by indigenous sectors. Immigration
from Europe consolidated the transition to wage labour, contributed to the
emergence of mutual societies and (despite national antagonisms) to various forms
of collective action in urban areas (Spalding). Mass migration also triggered
further debate about nation, society and citizenship. Were immigrants settlers or
foreigners who owed allegiances to another state (and enjoyed the right of
consular protection)? These were not insignificant issues in the Argentine,
Uruguay and parts of southern Brazil where, at various times, over one-third of
the population had been born overseas.

Perhaps monetary reform was the other area where institutional change
was most obvious. The early monetary history of independent Latin American
countries was one of inflation and turmoil. The cost and method of funding
revolutionary and post-independence conflict, coupled with a decline in silver
production, undermined the currency. Additional pressure was placed upon
money supply and the exchange by the adverse balance of trade: bullion and coins
drained abroad. Export earnings and foreign investment were props facilitating
greater monetary stability towards the end of the century. National coinage was
both a symbol of sovereignty and a devise to advertise the paramountcy of the
national state. But the route to monetary order - particularly the Gold Standard -
was painful, not least for those regimes incorrigibly wedded to the
‘developmentalism’ of un-backed paper currencies or mining regions that favour
silver as a ‘national’ metal. Hence, for some, adherence to the Gold Standard was
both ill-conceived and represented a surrender of sovereignty in the crucial area of
monetary policy. But this was a price to be paid for foreign borrowing and
international insertion. However, there were limits to the quest for virtue. The
benefits had to be seen to outweigh the costs and critics of the Gold Standard
sustained a vociferous opposition from the side-lines, always ready with an
alternative project should the price of fiscal discipline provoke generalised
discontent (Fritsch, Goldsmith, Kirsch, Marichal). Currency stability tended to be
favoured by creditors, importers, money wage-earners, finance ministers and
intellectuals imbued with liberal ideals and opposed by debtors, would-be
industrialists, exporters (unless stability was an alternative to exchange
valorisation) and regimes unable to borrow abroad. External borrowing was a
substitute for domestic - certainly direct - taxation but, in the absence of an ability
to raise funds overseas, what was the domestic alternative (given elite hostility to

direct taxation) - deficit finance? This was a device that lost its effectiveness and appeal after the 1880s.

Adherence to the Gold Standard reflected, too, a recognition that currency fluctuations and capital movements were beyond the control of the state. Whilst *papelistas*, national bankers and early ministers of finance fulminated against merchants and foreign bankers accused of speculating on the exchange, governments welcomed direct foreign investment as much as they sought accommodation on overseas capital markets. For much of the nineteenth century, companies registered overseas operating in Latin America functioned under terms similar (or identical) to those applied to domestically registered enterprises. And, if from time-to-time attempts were made to encourage domestic registration, there were no more controls on the repatriation of dividends and profits than there were on the inflow of capital. Foreign funds were welcome. It was recognised that the volume and direction of flows could change and that there was little that regimes could do - save encourage investment and attempt to conform domestic policy to international requirements.

By this stage, effective international insertion was reflected in other explicit commitments to the ethos of liberalism (Bushnell, Bushnell & Macaulay, Cardoso & Helwege). Oligarchic liberal constitutionalism - though hardly democracy - was formally practices in many countries. Mercantilist, colonial institutions - slavery, commercial monopoly, corporate privilege, indian communalism and ethnic apartness - had virtually disappeared. And everywhere the language of economic policy was the language of economic liberalism. Yet, as Topik has shown, there was equally some distance between theory and rhetoric, on the one hand, and practice on the other. Across the continent, economic liberalism was tempered with pragmatism and subject to sectionalist special pleading. Was this economic realism, a mercantilist hangover or a response to Listian and Hamiltonian ideas? Peruvian modernisers at mid-century saw nothing inconsistent in a government guano monopoly and officially sponsored projects for railway development (Hunt). Indeed, in many countries the state played a dominant role in the construction and operation of railways. If, by the end of the nineteenth century, the railway system was largely in private hands in countries like the Argentine and Cuba, elsewhere there was a large state presence and de-privatisation was firmly on the political agenda (Coatsworth, Kirsch, Topik). Almost every successful private railway company operating in Latin America at the end of the century had at one time benefited from officially financed profit guarantees and/or direct capital investment.

After the 1880s, in Brazil, Chile and Mexico domestic industrialists could count on a significant degree of protection even if the tariff was still primarily
regarded as a fiscal device (Haber, Kirsch, Suzigan, Topik). Duties were becoming increasingly discriminatory and manufacturers also benefited from movements in the exchange. Less consistent tariff protection was also available to manufacturers in Peru and Colombia (Ospina Vasquez, Thorp & Bertram). Unsurprisingly, the ability of industrialists to influence what might be described as macroeconomic policy depended on their connexions with the dominant export oligarchy and a capacity to press conjunctural or strategic advantage - governments were invariably more responsive to the clamour for protection when short of cash. ‘Emergency’ tariff hikes were rarely rescinded when fiscal crises passed but the incidence of protection could be eroded by currency depreciation or import price falls (Kirsch, Haber, Suzigan). While in virtually every country immigrants - foreign merchants and penny capitalists - played a large role in the early growth of modern manufacturing, in Sao Paulo coffee planters were powerfully represented in the industrial sector. Similarly in Mexico there was a large ‘national’ presence in manufacturing while in Chile as in Mexico immigrant entrepreneurs were relatively rapidly absorbed into the dominant oligarchy. The absorption of aspiring immigrant talent was also facilitated by major shocks to the existing political order as occurred in Peru following the War of the Pacific (1879-83) or in Chile during the economic crisis of the 1870s and, possibly, the transition from presidentialism to parliamentarianism later in the century (Blakemore, Kirsch, Thorp & Bertram).

In addition, politically influential sectors, like hard-pressed in Argentinian and Brazilian sugar producers, could always rely on special assistance. Nevertheless, the most audacious and successful producer-support scheme launched in Latin America during the period of oligarchic liberalism was undoubtedly the project devised in Sao Paulo to reverse the decline in coffee prices in international markets (Fritsch, Topik). Coffee valorisation nicely illustrates a number of points. First it signals the willingness of governments to intervene in the market when vital sectional or important national interests were threatened - the attachment to economic liberalism was pragmatic rather than dogmatic (Love & Jacobson). Secondly, it reveals the bureaucratic competence of the state. In this instance, the Brazilian state - first the Sao Paulo provincial administration and subsequently the federal administration - considered itself sufficiently empowered to act and was prepared to do so in the face of not inconsiderable external opposition (Fritsch, Topik). Thirdly, it confirms an awareness of the possibility of structural change in world markets. Brazilian coffee producers pressed for price support at the beginning of the twentieth century not because of heightened volatility in commodity markets but because they recognised that a secular change was taking place and that this implied major...
adjustment costs. Where *paulista fazendeiro* led, others wished to follow. By the 1920s Argentinian wheat producers were clamouring for - and obtained - *ad hoc* price support. During the 1930s systematic programmes of producer aid would be put in place in most countries, covering commodities destined for domestic and world markets. Finally, price support schemes such as a coffee valorisation were sometimes applied in the face of considerable foreign business and official opposition. In protecting key domestic actors at the risk of antagonising external actors, were regimes acknowledge the weakness of domestic sovereignty or establishing another layer of sovereignty, demonstrating a capacity to control activities across borders?

By the beginning of the twentieth century the state in most South American countries and in Mexico enjoyed domestic sovereignty. The writ of central government ran throughout the land. Administrations were responsive to regional and sectional interests - how could they not be? But many administrations were no longer the creature of a particular interest. Economic growth and a degree of economic and social diversification is some countries, notably in the south, meant that regimes faced an increase in claims made upon them. This presented both a challenge and an opportunity to construct new alliances even if the latter was dependent on continued trade growth and capital flows from overseas. By this stage most Latin American countries also recognised each others borders. Several were members of ‘global’ networks such as the postal union and were formally recognised members of the world community. With a few obvious exceptions, the ‘world club’ of independent nations on the eve of the First World War was a largely American and European affair. Indeed, there were virtually as many independent mainland Latin American nations as there were European. As several countries celebrated the first century of independence around 1910 there was even a sense of collective security. There were, of course, limits. The countries of the Caribbean region enjoyed little of the substance of sovereignty and some not even the trappings. Venezuela in dispute over the border with British Guiana in 1895 had been obliged, indirectly, to invoke the Monroe Doctrine and what price Cuban sovereignty in 1898 at the end of the Spanish-American war?

**Between the Oligarchic and the Populist State**

In a number of countries, the oligarchic state was under pressure by the early decades of the twentieth century. Were demands for change triggered by precisely the sort of societal developments identified in the River Plate republics by Furtado. Or was the re-ordering of political institutions a reaction to those
demands? Alternately, did increased external sector volatility undermine political arrangements created or sustained for so long by resource flows resulting from an early insertion into the world economy? Undeniably, the international economy was changing. Commodity prices were softening, the rate of growth of the volume of exports was slowing and capital flows becoming more erratic. Many of these trends were exacerbated by the First World War which fostered a further over-production in primary commodities and disturbed export markets that had previously consumed Latin American exports. The War also hastened other processes that were bound to destabilise some Latin American economies, notably the displacement of the United Kingdom by the USA as the major international lender, and weakened Britain’s role as an equalising mechanism in world commercial and financial flows. The War had a devastating affect on European capital markets. Before 1914 Latin American borrowers had operated in a diverse, if not fully competitive, highly liquid global capital market: by the 1920s Wall Street, which was a less confident lender, was virtually the only source of external accommodation. Many of these problems re-surfaced during the Second World War and again reminded Latin American consumers of the cost of import-dependence. Moreover, in the War years as during the inter-war depression, Latin America was a net exporter of capital (Albert, Cardoso & Helwege, Sheaham).

Even without the First World War, price instability, changes in global polarity and new institutional and ideological developments within the continent would have led to demands for greater economic and political accommodation in societies that were quite different in size and complexity from those which had existed at mid-nineteenth century or even 1900. If many Latin American countries might have been depicted largely subsistence economies and societies of castes in the 1840s, by the 1920s everywhere the money economy was paramount, economic opportunities were more diverse and society was obviously structured along class lines. And, in the Southern Cone, approximately half the population lived in towns.

The old order collapsed first, and most obviously, in Mexico in 1910/11. That said, nowhere else in Latin America was there a social upheaval of a similar magnitude. The overthrow of the Porfirian system has been variously explained by regime sclerosis, bureaucratic inertia and mis-calculation in the face of mounting opposition, the consolidation of a counter-elite, multi-class nationalism, peasant landhunger, social discontent and poverty triggered by decades of increasing inequity compounded by the cost of adjustment policies associated with the move onto the Gold Standard (Knight). Other regimes confronted similar difficulties but there were differences of degree and no other government encountered organised opposition in the countryside to the same extent as the
The porfiriato in the late 1900s. Arguably, the most potent forces working for change in many of the larger economies were nationalism and demands emanating for the largely urban middle classes for greater access to power. The latter was especially pronounced in the Southern Cone and was most precisely epitomised by the administration of Batlle Ordonez in Uruguay, the Radical ascendancy in the Argentine and the Alessandri presidencies in Chile (Finch, Kirsch, Mamalakis, Rock). Perhaps because they were articulated earlier, these demands seemed to have been most easily accommodated in Uruguay. In the Argentine and Chile, export sector crisis made for messier political adjustments. Taking participation in the electoral process as a proxy for an extension of political citizenship and political rights, there was in these countries a substantial increase in those voting in presidential elections. When promulgated in 1853, the Argentinian and Colombian Constitutions were arguably amongst the most liberal in the world (Bushnell). In the Americas they were exceptional in granting the franchise to all native-born males without reference to a literacy or property test. However, in the Argentine, the secret ballot was only introduced after 1912, at which point the proportion of qualified electors actually voting increased substantially (Rock). In Chile the numbers voting in presidential elections doubled during the inter-war decades, a period of relatively modest population growth. In Mexico the numbers of voters increased exponentially: 20,000 voted in the 1910 presidential election, more than two and a quarter million in 1934.

Nationalism, though not necessarily xenophobia and autarchy, became an increasingly potent force throughout Latin America in the inter-war decades, associated in some countries with indigenismo and hispanidad. Nationalism heightened concerns about sovereignty, yielding more nuanced attitudes to foreign interests (notably foreign banks, insurance firms and utility companies) operating in Latin America and challenged previous concepts about the role of the state. Nationalism also served as a cement for proto-populist alliances in some countries and assumed a more overtly anti-liberal and anti-internationalist tone across the continent by the 1930s. This tendency was not peculiar to Latin America (Love & Jacobson). Nationalist and developmentalist regimes of the 1930s were framed by economic dislocation provoked by the First World War and, more especially, by the inter-war depression and were influenced by criticism of the economics and politics of export-led growth voiced earlier by commentators like Bunge and Encina and by radical thinkers such as Mariatequi and Prado (Abel & Lewis). The Argentinian economist and statistician Bunge pressed for the development of national resources, 'natural' industrialisation and pro-natal programmes designed to reduce dependence on imports and exogenous flows of capital and labour. These ideas were seized upon by sectors such as the military, bureaucrats and
industrialists as well as nationalists who argued for a more pro-active role by government to ensure greater local consumption of commodities for which overseas demand had contracted, domestic production of items that could no longer be imported and, possibly, the application of ad hoc welfare measures to pre-empt further social discontent. All of this involved a greater role for the state - in factor markets, as a producer and as a regulator. During the inter-war period central banks were created (or existing agencies transformed into central banks) in all the major and middle-sized economies. Other financial institutions - credit agencies, re-insurance corporations and commercial banks - also proliferated. In the 1930s exchange control became the norm, commodity boards multiplied and overseas trade and financial transactions were highly regulated (Bulmer-Thomas, Cardoso & Helwege, Sheaham, Thorp).

Policy debates and institutional developments of this period had an influence on post-Second World War strategies of import-substituting industrialisation. The relatively speedy recovery of most Latin American economies from the worst effects of the depression by the early-mid 1930s similarly influenced later thinking by creating the impression of bureaucratic competence and macroeconomic management efficiency. Yet it would be a mistake to project back into this period expectations and programmes of the post-Second World War decades. During the 1930s economic policy was piecemeal and directed towards export substitution - 'economic internalisation' - rather than industrialisation per se. Indeed, increased domestic industrial production was an important element in this process but it a part rather than the whole. Moreover, particularly in the early 1930s, Latin American policy-makers were by no means convinced that overseas demand for exports would not recover nor foreign capital markets not re-open. Hence, the predominance of orthodoxy in many spheres of domestic economic policy, attempts to service the foreign debt and efforts to protect exporters, especially during the early part of the decade. How could it be otherwise when export interests remained politically powerful and fiscal resources were overwhelmingly derived from taxing overseas trade and borrowing. Only after 1936 did economic policies become more adventurous and unorthodox - and displayed a willingness to take advantage of great power rivalry (Abel & Lewis, Bulmer-Thomas, Weaver).

Many contemporaries viewed these developments as signalling a heightened degree of domestic sovereignty, particularly ‘economic’ sovereignty and greater state competence. If the oligarchic state had been exercised by internal challenges to sovereignty emanating from recalcitrant provinces, the populist state was more concerned about class relations. Hence the emphasis upon diffusing social ‘representation’ within the state (Malloy, Sikkink).
Paradoxically, and running counter to contemporary assumption, increased internal sovereignty may have been countered by a decline in ‘external’ sovereignty. Volatility in world commodity and financial markets and attempts by foreign business interests, aided by their governments, to defend assets in Latin America in the face of nationalist demands, economic contraction and increased international rivalry posed problems for a number of regimes.

Responses to these challenges varied across the continent. Three categories of states may be identified. First, those that employed ‘ideology’ or ‘national project’ in order to upgrade state competence and in so doing came to project an image of efficacious management of domestic and external relations. Second, regimes which, due to a perceived lack of need (or an inability to do more), instituted only limited modifications to the status quo. Finally, states that surrendered a substantial degree of sovereignty in order to survive in the colder climate of global recession and rising internal and international tensions. Countries such as Brazil, Chile and Mexico were representative of the first group.

In Chile and Brazil a national project based upon industrial growth and regional economic regeneration gave the central state enhanced domestic sovereignty and, apparently, greater competence in the management of relations with other states (Abel & Lewis, Hilton, Weaver). In the Mexican case, these objectives were subsumed in the ‘ideology’ - and the iconography - of the Revolution (Knight). Internal economic regeneration from the destructive phase of the Revolution and the impact of the inter-war Depression culminated in the radicalism of the Cardenas sexenio which whiteness massive state action in the rural and urban sectors. In all three countries - though to a much greater degree in Mexico - domestic sovereignty appeared to have slipped in the 1920s. National and regional politics had become more violent in Brazil and Chile during the decade as challenges to the central administration proliferated. This instability was not unconnected with weakness in key export sectors. Possibly this made the task of re-establishing central authority more urgent and, ultimately, more successful. It is instructive that, although starting from very different positions, the central state in Brazil, Chile and Mexico became highly interventionist. Welfare programmes - education reforms, an extension in social insurance provision and labour legislation - was stressed in all three. Mexico and Chile were the first in Latin America to establish official organisations that would become national development agencies, namely, Nacional Financiera (NAFINSA) and CORFO respectively. There was too a proliferation of price-support or state buying agencies for a range of domestic and export staples, all firmly under the control of the central government and, in Brazil and Mexico, exhibiting distinctly corporatist tenancies, often entailing the ‘representation’ of workers and employers, producers

and consumers and the state. Government intervention in the commercialisation of commodities displaced private, often foreign, agents. Greater state action in the banking sector also facilitated more adventurous monetary, exchange and external debt management strategies. Hence, these governments were depicted a 're-capturing' control over monetary policy and adopting a nationalist stance in negotiations with foreign financial interests. Did this projection of national objectives into the management of international economic relations signal an attempt to influence activities outside national territory?

Arguably, distinct examples such as the Argentine and Colombia best typify the second group of countries. Here, despite similar developments in the banking sector and commodity marketing, there was less 'ideology' and less 'project'. In the 1930s, the commitment to economic liberalism and the prevailing pattern of economic activities was more entrenched or, possibly, less challenged. There may have been less pressure for a radical re-definition of the reach of the state. Perhaps domestic politics was too riven - or rival blocs too evenly balanced - to permit the emergence of an opening for change. This may be the lesson of the upsurge in political violence in Colombia in the 1940s and the rupture in Argentinian politics represented by Peronism in 1946 (Palacios, Rock). The third group of states is probably best represented by Nicaragua and Cuba. These states might have acquired international recognition by the twentieth century and a degree of domestic sovereignty but they had hardly secured the exclusion of external authority. Now, in the inter-war period, elements of sovereignty were ceded (or re-ceded) to US pro-consular officials and/or business as overt external assistance was vital to sustain the state and re-organise authority within the national territory (Dominguez, Dunkerley, Perez).

Conclusion

In the second half of the nineteenth century, Latin American regimes saw little conflict between the requirements of state-building and insertion into a rapidly expanding global economy. On the contrary, the latter objective was regarded as a means of securing the former. Neither process, however, was painless nor unchallenged though the critics of openness to the world economy tended to multiply when the international system was less dynamic and when the domestic political game itself became more complex. The 'anti-national' character of some of the consequences of international insertion, namely foreign dominance of key sectors of the economy and domestic price volatility, became convenient devices with which those seeking greater space in domestic politics could deploy to rally support against groups then in command of the levers of power.
It cannot be denied that effective integration into the global system transformed Latin America, promoting institutional change on several fronts. Some of these were anticipated and welcomed or relatively easily accommodated, other were not. For example, foreign immigrants were embraced as workers, settlers and as vectors of social and ethnic ‘modernisation’ but not when they introduced ideologies and practices that challenged existing organisations or when their consumption patterns and desire to remit funds threatened the external accounts (Solberg). Similarly, foreign capital was much appreciated save when clustered in key sectors or when foreign bankers, bondholders or investors voiced adverse opinions about host government policy or clamoured for home government action (Platt). However, the expropriation of foreign-owned oil companies in Mexico, debt repudiation elsewhere and a general defence of national producer interests (as typified by coffee valorisation) seemed to point to a degree of confidence in the exercise of sovereignty by the national state and its competence to influence, if not entirely shape, external economic and political relations (Abel & Lewis). Some countries proved better at coping with external sector decline and the contraction of the external connexion in the 1930s than with international insertion, and the instability that this inevitably triggered, in the 1880s and 1900s. But, as Dominguez argues for Cuba, a sudden, sharp economic contraction following a sustained phase of economic growth that had been accompanied by social mobilisation was bound to provoke regime change, particularly if there was a coincidence of demographic and economic conjunctures.

For small Central American and Caribbean statelets the situation may have been different, but the view elsewhere in the continent on the eve of the Second World War was that nation-states were in command of their domestic political destinies. For agro-export interest who continued to control the state apparatus in most parts of the continent (even if not formally in power), international integration had brought new wealth with which to sustain political interests. For middle sector groups contesting for access to power, or possibly control of the state, there was a sense that it was possible to live with the existing international relationship or to construct an alternative arrangement. In either case there was confidence in domestic institutions.

Globalisation of the late-nineteenth and early twentieth centuries offered opportunities and posed challenges for the Latin American state. The gains from international insertion were not, however, shared equitably by all sectors nor by all countries. Was this because some areas were but imperfectly integrated into the world economy, because international markets were inherently unstable and moving against Latin American producers or were the rules of the game rigged
against Latin American players? There were certainly considerable differences in the export and general economic performance of the Latin American economies during the period of oligarchic liberalism.

On the assumption that international conditions were broadly similar for all countries, the difference in performance may be explained in a number of ways. A recent explanation advanced by Bulmer-Thomas attaches particular importance to the timing of a country’s insertion into the world economy and to factor endowment, namely luck in the commodity lottery. Furtado develops a structuralist and institutionalist approach which also attaches considerable importance to resource base and the commodity composition of exports. Cardoso and Faletto stress the importance of institutions, notably state competence and elite coherence. These accounts are not mutually exclusive.

During the period of export-led growth, the evolution of world demand for commodities followed different paths. In the very long-run, the price of some primary commodities proved remarkably stable, others were particularly volatile, yet others experienced substantial medium-run swings. For some commodities world markets remained open for a relatively long period, in other cases competition from domestic producers in consuming countries limited access; some were subject to substitution effects, others were not. Hence, although the terms of trade may have broadly favoured primary exporting economies for the greater part of the nineteenth century, while moving against them after the 1880s, the export performance of individual countries was obviously influenced by particular price movements. In addition, the long-run gains from trade enjoyed by an economy were also conditioned by the moment of effective insertion. World trade began to expand markedly around the 1840s. International trade growth was particularly rapid from the 1870s to the 1900s. By the 1920s the rate of growth of world trade faltered and stagnated. In addition, after the 1900s access to markets became more difficult while changes in the composition of world trade generated further problems for primary exporting economies (Foreman-Peck, W.A. Lewis). Hence difference in the long-run economic performance of the Latin American economies can, in part be explained by the composition of exports and by the moment of entry into the global system. Countries entering the global economy ‘early’ were more likely to benefit than countries entering ‘late’.

In addition, some commodities were more ‘democratic’ than others. The production of temperate ‘frontier’ foodstuffs such as cereals and, in some circumstances, sub-tropical commodities like coffee required massive inputs of labour and sustained ‘lumpy’ investment in social overhead capital. These generated substantial forward linkages, income expansion, national integration and
welfare gains. The proliferation of wage employment, opportunities for upward social mobility, urbanisation and demographic growth re-shaped regime and state as politics became more pluralistic and economic activities more diversified. These processes may also have generated a greater control over national assets and required states to be seen to be capable of projecting sovereignty domestically and internationally. Other commodities, for example ‘colonial’ plantation products like sugar and minerals had different production profiles and price evolutions. Dependence on imported technology and the monopolisation of production lead to resource alienation and the perpetuation of archaic social structures and coercive, less open, politics yielding less dynamic, fragile states that needed to be strong at home but were weak abroad. Some states, however, were better place than others to seize opportunities provided the emergence of a world economy after the mid-nineteenth century. Strong states like the Chilean and Brazilian which emerged as institutionally coherent early in the post-independence period were able to maximise the domestic gains from international insertion. Others, like the Argentinian and the Mexican only acquired institutional stability with globalisation. These states, which already enjoyed international recognition, rapidly assumed domestic sovereignty and aspired to exclude external influences within their boundaries. Yet other states were so weakened by independence and centrifugal forces triggered by it that globalisation proved to be threat not an opportunity. In the nineteenth century, strong states were able to foster a modern domestic capitalism, weak states were less able to assist local agents who were consequently overwhelmed - or absorbed - by external actors.

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