

# Liberalism without State or Nation

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Liberalism won. Despite the often vacuous and disappointing results of elections (e.g. Berlusconi) and chronic crises (1997, 2008), there should be little question that Classic Liberalism (as understood in most of the world outside of the United States and Fox News) won a decisive victory over all its 19<sup>th</sup> and 20<sup>th</sup> centuries competitors. Autocratic rule, whether monarchical, corporatist, or military is largely discredited and usually only survives by disguising itself as something else. Public control over the economy and most efforts at nationalization are rarely defended as viable alternatives to capitalism (even if the state is used to resolve crises brought on by market failures). Collectivist alternatives to Liberal individualism have been largely abandoned. Perhaps the only remaining threat to absolute Liberal hegemony is the amorphous counter-claims of a still very heterodox and inner-differentiated “Islamic” culture.

Precisely because it has become so dominant *and* because of recent debacles, whether in the housing markets or the export of democracy to the Middle East, we need a much better sense of how Liberalism works and what may be its prerequisites. This paper seeks to give some insights into the fragilities of Liberalism through the analysis of its long life in what I call the Iberian world consisting of Latin America, Spain, Portugal, and the Philippines<sup>1</sup>.

The Iberian world may seem a strange place in which to analyze Liberalism. In fact, amongst the triumphalism of the market after 1989, much of the Iberian world has been used as an example of the failure that happens *when Liberalism is not dominant*<sup>2</sup>. The logic of such arguments is impeccable in its tautological

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<sup>1</sup> This paper will largely deal with major countries in the first region as well as Spain, but later versions will broaden this analysis. This paper is part of a larger project on “failed” Liberalism in collaboration with Agustin Ferraro of the University of Salamanca (<https://sp.princeton.edu/sociology/Liberalism/default.aspx>).

<sup>2</sup> Most of Latin America has been a relative failure in both political and economic aspects. Despite the last 20 years, the experience of the continent with democracy has been spotty at best. With few exceptions (Chile and Costa Riva most prominently), Constitutional rule

closure: Markets and democracy work best and should be adopted by the world, and since a region has had consistent economic and political problems and has never lived up to its historical promise, the fault must therefore lie with its inadequate application of the Liberal model. Had Latin America been more truly Liberal, the model follows, it would have done better<sup>3</sup>.

Such explanations are often centered on the notion of the Latin American state as an oppressive leviathan that pushed aside more constructive development. A related supposed regional fault is that the Iberian world failed in its adaptation of the Liberal creed because of its hyper-nationalism: the nations of Latin America, for example, were too busy worshipping themselves to do sound business with the world and they too often succumbed to the seductive promises of populist.

The problem with such arguments is that they fail the simple empirical test of how much state and how much nationalism there is in much of the Iberian world. As I have argued elsewhere, the problem with Latin America is not too large of a state or too fervent of a nationalism, but too hollow of a state and too shallow a nationalism.

The evidence for the former is easy to find. A simple perusal through the standard measures of governance indicators shows that Latin American states (with, the exception of Chile and Costa Rica and some variation) bat far below their weight: they are consistently among the worst performers in their income classes

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remains fragile. The economic performance has been even worse. We may begin with the most dramatic case of all: Argentina. The story is remarkably (if depressingly) consistent. After an initial period of almost astronomic growth, Argentina's relative position to an arguably relevant group of countries (Australia, Canada, USA) has been disastrous. Since the 1880s, the Argentine economy has gone from being on a rough par with the other grain exporting giants to being at 25% of the income level in the 21<sup>st</sup> Century. The cases of Brazil and Mexico are less dramatic in terms of historical decline, but equally consistent in terms of relative failure. Since the XIXth century, both have performed at a fraction (roughly 20%) of the level of the North American economies. The relative economic failure extends to all parts of the old Spanish Empire. While often neglected in broader comparative studies within the Iberian World<sup>2</sup>, the Philippines unfortunately parallel the fate of these cases. The failure of the Philippines in comparison to its regional neighbors is astounding. As late as the early 1960s, the Philippines was on a par with other East Asian economies, but by the 21<sup>st</sup> century, it was performing at 20-30% of the rate of its neighbors. Similar to other Iberian countries, Spain lags behind those countries to which it could be compared through the first half of the XXth Century. But its relative success in the late 20th as well as that of Chile provides an important counterfactual for our analysis. R.B. Mitchell, *Historical International Statistics: Americas....* Angus Maddison..

<sup>3</sup> For a concise introduction to this view see Mario Vargas Llosa's speech to the American Enterprise Institute ([http://www.aei.org/publications/pubID.22053.filter.all/pub\\_detail.asp](http://www.aei.org/publications/pubID.22053.filter.all/pub_detail.asp)). Such a view is not limited to Latin America.

along practically every measure as defined by practically every method<sup>4</sup>. The Latin American states are generally small and ineffective. The Philippine state is perhaps worse, but Spain represents an exception.

Data on nationalism are much harder to find and radically depend on how we choose to define nationalism. On some measures, Latin Americans appear quite nationalistic<sup>5</sup>, on others, support for aspects of nationalism seem low<sup>6</sup>. There are, again, huge difference across the countries with Chile often scoring the highest on pro-national measures and Argentina the consistent lowest. There is a distinctive and strong *patriotismo* in the region based on pride in folklores, natural beauty, and culture. There is also a strong tradition of anti-imperialist feeling concerned about national sovereignty. But, note Weber's definition in which a nation is a "community which normally tends to produce a state of its own"<sup>7</sup> Would the people of most countries in Latin America seek to coalesce in an nation-state with their current fellow co-citizens? That is at least arguable<sup>8</sup>. I want to emphasize that I am not necessarily arguing against the presence of *any* imagined community. The work of Florencia Mallon, Peter Guardino, David Nugent and others clearly has demonstrated that such a community arose in the 19th Century. I maintain, however, that the link between that community and the state as an institution was and remains weak. The legitimation of political authority as the voice of the nation has been limited at best.

And what of the claim that the Iberian world did not attempt Liberalism? As sections below will attest, most of the history of Latin America and Iberia can be understood as a consistent attempt to apply Liberal dogma. Except for an interregnum of roughly 50 years beginning in 1930, the regimes of many of these countries could only be described as economical (and at times political) Liberal.

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<sup>4</sup> See World Bank governance indicators (<http://info.worldbank.org/governance/wgi/index.asp>) and World Economic Forum Global Competitiveness Report (<http://gcr.weforum.org/gcr/>) and Bertelsmann Transformation Index (<http://www.bertelsmann-transformation-index.de/27.0.html?&L=1>).

<sup>5</sup> World Value Survey data (<http://www.worldvaluessurvey.org/>) indicates, for example, very high numbers for expressions of pride in nationality and a simple perusal of crowds at international soccer games will reveal the same.

<sup>6</sup> World Value Survey questions on willingness to "fight in defending the country" or confidence in political institutions.

<sup>7</sup> H.H. Gerth and C. Wright Mills, *From Max Weber*, pp. 179.

<sup>8</sup> See Don H. Doyle and Marco Antonio Pamplona, eds. *Nationalism in the New World*. Athens, GA: University of Georgia Press, 2006. The best discussion on the varieties of nationalism and patriotism and how these dealt with the issue of Spanish conquest and indian conquered is in the various works of David Brading.

While credit for the origins of Liberalism often goes to Hobbes, Locke and the Scottish Enlightenment, the 1812 Cadiz Constitution may have been the first to use the term as a political label and as the hallmark of a ruling ideology. Certainly, parties and governments in Latin America have been the most prominent in their explicit assumption of the category and many of its basic principles.

What was this Liberalism at which Latin America failed? Liberalism is based on the primacy of the individual and the rights thereof over and above any collective claims. When Liberalism looks beyond single individuals, it is largely concerned with articulating and defending the social interactions between them and each seeking his or her own purposes. The central problem of Liberalism is to reconcile the ambition to assure individual freedom while also allowing social interaction in a world of possible malfeasance. How does one create order from the various desires and acts of individuals who cannot always be counted upon to be perfect?

The solution to this question in what I call the Iberian world has had several elements:

- A commitment to laic authority and the removal of any ecclesiastical political or economic role.
- A nominal commitment to representational government whose legitimacy and authority lies in the nation.
- Freeing labor and trade flows and allowing the market as much free reign as possible.

In general, we can describe the Liberalism of the Iberian world as continually struggling between the Republican as opposed to the Libertarian tradition. Republicanism is the notion that freedom is best served by, and indeed can be understood as being constituted by, citizens who live within a society whose rules are determined by common assent and which foster non-domination among the citizenry<sup>9</sup>. While Republicanism focuses on creating a society of virtuous citizens, Libertarian position places more emphasis on essential individual freedom. If in the Cadiz Cortes the Republican tradition was ascendant, the Latin

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<sup>9</sup> Philip Pettit, "Liberty and Leviathan", *Politics Philosophy and Economics*, 4, 1; Alan Patten, "The Republican Critique of Liberalism", *British Journal of Political Science*, 26, 1, 1996; Quentin R.D. Skinner, *Republicanism and Liberty*, 1998.

American independence movements arguably favored a more Libertarian one. Both developed and were transformed through the 19<sup>th</sup> Century into a very different ideological beast; neither Liberal fish nor fowl.

Armed with these definitions and clarifications, I wish to pose the following questions:

- 1) What are the historical roots of the consistent political and economic underperformance of the Iberian world for over two centuries? How do these roots help explain the exceptions to the rule?
- 2) What was the role of Liberalism in defining the development of the Iberian world in the 19<sup>th</sup> through 20<sup>th</sup> centuries?
- 3) How are 1) and 2) connected and how did they help shape each other?

Rather than castigating the Iberian world for some assumed cultural and structural deficits, or damming Liberalism as the screen behind which imperialist and elitist projects hid, I wish to analyze how the reality and the expectations came to shape the last 200 years of the Iberian world.

I next propose an argument for a link between Liberalism and Latin American and Spanish performance in the 19<sup>th</sup> Century and follow it with confirming historical analysis.

### **The Argument**

The first widely accepted account of the Iberian failure is the “black legend” of a cultural curse that can be found already well developed in the 19<sup>th</sup> century (especially among Latin American intellectuals) and which has had its contemporary proponents in and out of the Iberian world (Claudio Véliz would be the best example)<sup>10</sup>. For Spain, the “national character” explanations of Iberian exceptionalism has had a variety of exponents, from Unamuno to Sánchez Albornoz. Given that such culturally deterministic arguments retain some force (and not just in the Iberian world, cf. Bernard Lewis’s notions of a clash of civilizations) it is imperative that we explore to what extent the Iberian fate was determined by the experiences of the *Reconquista*.

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<sup>10</sup> *The Centralist Tradition in Latin America*, 1980 and *The New World of the Gothic Fox*, 1994.

Beginning in mid-century, a *dependendista* critique of this perspective developed. Simplifying what was always a fairly heterogeneous school, this perspective held that Latin America's relative failure came from not having broken enough with a colonial, as opposed to an Iberian, past<sup>11</sup>. The political and economic models which dominated through the 1930s were derived from the region's position in a world capitalist system. (A parallel argument placed Spain and Portugal in a similar marginal position).

Both traditions over-rely on a historical legacy and neither probes deeply enough into the structures left by that legacy. While the "culturalist" view ignores the international context, *dependencia* often robs national actors of any agency. What is needed is a model that takes into account both historical legacy and reactions to it, both the global context and the domestic response.

The last decade has witnessed an explosion in creative studies of colonial legacies and their consequences. A significant group of scholars have debated the reasons for the relative difference in "performance" between the ex Spanish and British colonies.

Stanley Engerman and Kenneth Sokoloff began the debate with their argument over factor endowments<sup>12</sup>. In an interesting twist on Whig history, they propose that the small farmer settlements focused on grain in North America (as opposed to commodity production in the Latin hemisphere) provided the critical basis for two foundations of later success: less inequality and racial homogeneity. These in turn contributed to a more responsive and institutionalized form of democratic rule. While their work has been criticized, it is also recognized as a foundational document in the new institutional approach to Latin American economic history.

From the point of view of this paper, there are two critical missing pieces in this approach. As North, et al, point out<sup>13</sup>, the factor endowments perspective fails to take into account the political chaos which most of the Iberian world suffered during the XIXth Century. Moreover, it fails to explain the subsequent

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<sup>11</sup> Cardoso and Faletto, *Dependencia y desarrollo en América Latina*, 1968; Peter Evans, *Dependent Development*, 1979.

<sup>12</sup> "Factor Endowments, Institutions, and Different Paths of Growth Among New World Economies" in Stephen Haber, ed., *How Latin America Fell Behind*, 1997.

<sup>13</sup> Douglass C. North, William Summerhill, and Barry Weingast, "Order, Disorder and Economic Change: Latin America vs. North America", in Bruce Bueno de Mesquita, ed., *Governing for Prosperity*, 2000.

transformation of the post-bellum and particularly post 1950 American South<sup>14</sup>. North and his colleagues focus much more on the failure of Iberian institutions to resolve the various political dilemmas facing them in the 19<sup>th</sup> Century. The emphasis here is on the absence of order necessary to construct a viable society. The major reason for the lack of institutional coherence has to do with the historical legacy of the Spanish mercantile system and its failure to create either consensual politics or reduce the costs of political loss. In a world where no rights were respected or protected, politics became a free for all.

The central problem with this view is that it does not really open the black box of institutional failure. Why were these states so initially weak? More importantly, its story stops in the mid 19<sup>th</sup> century when they claim some institutional order was established. This neglects the legacy of the choices made during this period and the subsequent costs thereof. Robinson et al have continued this institutional analysis, but as useful as this work is, it relies too much on a concept of “persistence” which appears to only be broken by exogenous change<sup>15</sup>. The Iberian world was transformed from 1810 to 1900, yet many of the same challenges persisted. The question is why.

I argue that the initial conditions faced by the Iberian world were not sufficient to explain subsequent developments. Rather it was the interaction of these endowments with a particular policy preference (what I am calling Liberalism) that was critical in defining the contemporary Iberian world<sup>16</sup>. My position parallels that of John Coatsworth when he claims that the roots of Latin American performance cannot be found solely in factor endowments, but in political economy as well<sup>17</sup>. Thus, Iberians’ destiny was neither decided by the stars nor by themselves, but by the interaction thereof.

The macro-theoretical basis of my argument is Anthony Giddens’ notion of structuration in which we can speak of an agent acting within a structure of

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<sup>14</sup> The parallels between parts of LA the American South are intriguing: plantation economies, racial divides, persistence of rural oligarchies, etc. I have not been able to find a political economic comparison of the two two regions, but hope one will soon appear.

<sup>15</sup> Daron Acemoglu and James Robinson, “De Facto Political Power and Institutional Persistence”, *AEA Papers and Proceedings*, May 2006, and “Persistence of Power, Elites and Institutions” mimeo, 2006.

<sup>16</sup> To an extent, this is a parallel argument to that made for Central America by Mahoney in *The Legacies of Liberalism*. I am less concerned, however, with proving the validity of “path-dependence” than with trying to understand a broad pattern.

<sup>17</sup> John Coatsworth, “Structures, Endowments, and Institutions in the Economic History of Latin America”, *LARR*, 40, 3, 2005, p. 142.

historically constructed constraints (rules, resources, etc.)<sup>18</sup> In the specific case of this project we can speak of Liberals as the agents and the institutional and physical constraints in which they found themselves as the structure. What is attractive about Giddens' model is that it allows for a series of historical permutations where we can analyze how agent and structure help define each other over time. Thus, we can speak of Liberals in 1810 responding to and attempting to change a given social, economic, and political structure in the Iberian world. The results of these attempts in turn transformed the Liberals as they "learned" from their interactions. The "reformed" (in the literal sense of the term) Liberals then attempted a new transformation of the structure which had also gone through historical changes. These cycles continued historically as policy and environment transformed each other.

To this historical dynamic we can add a comparative element. Each of the Liberal moments across the Iberian world had its intellectual characteristics and each specific territorial or social structure had its own set of constraints and possibilities. We would expect that the interactions between agents and structures proceeded historically the distance between the cases outcomes would increase in differentiation.

**The imposition of Liberalism resulted in political and economic failure in the Iberian world precisely because the institutions assumed to exist by Liberal dogma and which it requires for its efficient operation were not sufficiently well developed. Much has already been written about the critical absence of a large middle-class or even a nationalist bourgeoisie in these regions and the extent to which this social chasm retarded development. While paying attention to this, I want to emphasize more institutional challenges.**

In order to understand the prerequisites of Liberalism, let us turn to an obvious source: Hobbes. I choose Hobbes over other candidates such as Machiavelli, Locke, or Mill, because he seemed most concerned with what was involved in creating the collective enterprise of Liberalism. In many ways, Hobbes' central message can be read in the often re-printed frontispiece of

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<sup>18</sup> *Constitution of Society*, 1984

*Leviathan*<sup>19</sup>. We are used to depictions of the elegantly bearded sovereign, but let us pay more attention to the details around him. Note, for example, that unlike in Hobbes' prior *De Cive* with its appositionally placed representation of *libertas* and *imperium*, the conflict between the order of sublimation and the anarchy of liberty has been resolved. This is not done by simply and wholeheartedly abandoning the latter for the former (the usual misreading of *Leviathan*), but by realizing that true liberty can only thrive through the domination of a collective authority. The Leviathan's rule is graphically based on his domination over both the military power of the nobility and the ideological authority of the Church. There is also the often noted multitude of bodies that actually make up the Leviathan—from which a fairly obvious inference is that the sovereign authority must ultimately be based on the people<sup>20</sup>.



Quelle: Dreliano, H. 1999: Thomas Hobbes. Visuelle Strategien.

I propose that such a reading indicates that for Liberalism to function as a collective enterprise it needed to both construct a state that admitted no competition within its borders and it had to create a community that included all within it. It is particularly unfortunate that the post-1945 and particularly Reganite and Thatcherite “atomistic” readings of Liberalism as “anti-state” have come to dominate ideological discourse. Classic Liberalism was from the first concerned with *securing* liberty and rights and very quickly realized that the state was a perfect instrument with which to protect what Hobbes called “commodious lives”. Far be it for Liberals to assume a Rousseauian natural paradise: a state was needed to protect the people from both enemies and each other. Without such a state, the very concept of a “Liberal order” would be meaningless and all would be anarchy<sup>21</sup>.

<sup>19</sup> The idea of basing part of the discussion on the graphics of Hobbes is based on a lecture by Quentin Skinner at Princeton in November 2008. He is, of course, not responsible for what I make of it.

<sup>20</sup> In fact, it is precisely because that the sovereign is representative that makes people have to obey. J. Judd Owen, “The Tolerant Leviathan: Hobbes and the Paradox of Liberalism”, *Polity*, 37,1, 2005, p. 144.

<sup>21</sup> Richard Pares, “Bringing the Leviathan Back In: Classical versus Contemporary Studies of the Liberal Peace”, *International Studies Review*, 8, 2006, pp. 425-440.

Latin America's experience with Liberalism was marred by the absence of both the power of the sovereign and the inclusion of the populace in its body. Specifically, the combination of high inequality and the lack of state capacity produced a social, economic, and political milieu completely antithetical to the assumptions of Liberalism. Imposed on this "different kind of wood", the structures of Liberalism did not produce the desired results, but a society both untenable and, in many cases, mired in a historical inertia.

As has been discussed recently a variety of social sciences (borrowing from chaos theory)<sup>22</sup>, starting conditions make a great deal of difference. Institutions will reflect the moment of their creation. The power distributions at the origin will tend to shape the historical development of these institutions barring some exogenous event. These starting conditions may not lead to the Pareto optimal policies that many institutionalists expect. To borrow from Ricardo Robledo: "*Las instituciones económicas dependen de los pesos de los poderes políticos. Por supuesto, el que tiene el poder político puede tomar conscientemente una decisión económica no eficiente.*"<sup>23</sup> When we add to this historical dependency the historical legacy of high inequality and low effective democracy, the result of Liberalism is not the Panglossian best of all worlds, but domination by a few and underdevelopment.

Why focus on the state and inequality? Because these are the underpinning of Liberal assumptions about social interactions. Liberalism accepts a certain level of inequality as a given (and even favors it). However, Liberalism cannot exist with caste-like divisions within the body politic (unless it denies those in the under-castes any participation and voice). A system nominally open to representation and political equality cannot long remain stable with such deep inequalities or it will either collapse into chaos or authoritarianism. Similarly, the state is crucial for the development of the mechanisms through which a community of citizens is created: common language, norms, and expectations. Without a state to protect these basic assumptions, the free interactions of Liberalism come with too much risk.

### **Stages of Liberalism in the Iberian World**

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<sup>22</sup> Paul Pierson, "Increasing Returns, Path Dependence, and the Study of Politics", *The American Political Science Review*, Vol. 94, No. 2 (Jun., 2000).

<sup>23</sup> Robledo and Santiago López, "Introducción: Tiempo, Instituciones y Reformas", p. 16.

Ignoring first the critical differences between cases, we can speak of four major moments of Liberalism in the Iberian world. This paper focuses on the first two periods, while subsequent work will move forward historically.

Stage I: “Independence and Liberty” 1810-1860 During this first stage we witness the initial encounter of a set of Liberal hopes and expectations with Iberian reality and the often disastrous results. This period is also characterized by an ongoing battle between Liberals and so called Conservatives regarding three main issues: the autonomy and institutional continuity of the Church, the structure of state control (federal vs. centralized), and the degree of divorce from the past (in the Americas from Spain, in Spain from an absolutist monarchy). The Liberals succeed in separating Church from state (to differing degrees) and in imposing at least the formality of central control. The critical failure is the inability of most of these regimes to resolve contradictions between order and liberty, between nominal equality and political hierarchy. These frustrations lead to:

Stage II: “Order and Progress” 1860-1930. The result of the first period is a set of “mugged Liberals” who adopted some of the Conservative positions and most importantly, largely (and often explicitly), abandoned even the rhetoric of equality in favor of an acceptance of social hierarchy. The Liberals established alliances with both traditional and newly rising elites in order to assure the protection of private property as the keystone for economic development. This stage is associated with two major trends. The most important is the development of links between the Iberian world (but largely LA) and a global market. All the relevant countries witnessed a dramatic explosion in the significance of international trade for their economies. This trade was almost singularly focused on the production of one or two primary commodities. The second trend is the development of a state infrastructure that links various parts of the country to the center (but not to themselves) and through that center to the rest of the world. The budgets of these states (largely fuelled by customs duties or royalties on commodities) increase significantly and each case sees different forms of state building. Associated with this process, the different cases also go about “building nations” through the standard institutions of schools, museums, etc.

This process of state and nation building however, foundered on several grounds. First, the fiscal capacity of all the states was constrained both by the relative wealth of their societies and by the limited extractive capacity of the states

themselves.<sup>24</sup> Second, despite the early emphasis on a nation or *el pueblo*, defining who belonged to it remained a critical problem throughout this era. Depending on the case, exclusions were based on race, class, or region (and of course, always on the basis of gender). Whatever the specifics, no country (with the possible exception of Mexico and the Southern Cone) is able to resolve the challenge of defining and building the nation by 1930. This leads to:

#### Stage III: Liberalism in Abeyance (1930-1980)

During this period, the ideas associated with classical Liberalism, namely electoral democracy and free markets, suffered a dramatic decline in legitimacy. They are attacked from both left and right and a variety of attempts were made to produce economic development through state intervention in the economy. In many cases this led to efforts at autarchic development, in others it merely implied the participation of the state in the export market. The role of the state in the society was also expanded, responding to a series of demands from below. In large part because of these, the later years of this period are associated with a shift to the right meant to protect social and economic hierarchies. Later papers will focus on this and on its successor:

#### Stage IV: Neoliberalism. (1980 to present).

Beginning in the late 1970s, the various authoritarian regimes found themselves unable to handle the economic and political challenges facing them. Through a variety of processes ending in the 1990s, the various cases re-adopted Liberal ideologies remarkably similar to those espoused 150 years previously. Unlike in previous epochs, the commitment to electoral democracy was absolute and effective suffrage was largely universalized. The economic primacy of the market was also recognized and all the states dismantled many of the institutions associated with previous command economies. In an interesting parallel to the *desarmortización* of ecclesiastical properties in the XIXth century, large parts of national patrimonies were privatized in the hopes of creating the XXIst century equivalent of a yeoman class.

The results of these campaigns demonstrated some of the critical problems facing Liberalism in large parts the Iberian world. Instead of democratizing property, the sale of church lands and the privatization of state properties largely

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<sup>24</sup> See Centeno, "Blood and Debt" in *American Journal of Sociology*, 1997.

benefited a *pre ante* elite that was able to use its economic and political power to obtain even greater wealth. This was merely the most visible challenges facing Neoliberalism in the Iberian world. The return to democracy and the market failed to address the lingering inequalities of these societies.<sup>25</sup> In several cases, the response to the second decade of Neoliberalism was a questioning of its basic tenets and the proposal for new ways of organizing societies. Once again, the parallel with what happened to the first two initial stages of Liberalism is striking. In both historical instances, the definition of the nation remained elusive while the state's capacity to forge that nation was limited.

The exceptional cases of Spain and Portugal and to lesser extent Chile, over the past two decades offer a very interesting possibility for comparative work. While these societies (again to differing extents) shared many of the historical characteristics and processes of the wider Iberian world, the last several decades have witnessed a remarkable differentiation. Why? We need to begin with history.

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<sup>25</sup> Hoffman and Centeno, *Annual Review of Sociology*, 2003.

## STAGES OF LIBERALISM

	<i>Independence and Liberty</i>	<i>Order and Progress</i>	<i>Liberalism in Abeyance</i>	<i>Neoliberalism</i>
<b>Spain</b>	<b>1812-1873</b> Critical problems include government fragility, regional divisions, and frustrated development.	<b>1873-1922</b>	<b>Primo de Rivera, War and Franco</b>	<b>1976-2005</b> Successful creation of welfare state supported by increasing equality, integration into international economy.
<b>Philippines</b>		<b>1907-1942 &amp; 1946-1972</b> Extremely limited sovereignty during first period and government fragility and corruption in 2nd. Some economic growth	<b>Marcos</b>	<b>1986-2005</b> Democratic but very fragile regime, some growth but little social development. Increasingly behind Asian Tigers
<b>Mexico</b>	<b>1823-1855</b> Battles over regime. <b>1855-1884</b> Some success in establishing central and democratic rule as well as some economic development, but persistent inequality.	<b>1884-1910</b> Porfirio Díaz solidifies central authority and abandons democratic project. Links with regional elites and insertion into international markets	<b>PRI</b>	<b>1994-2005</b> Beginning with NAFTA increasing Liberalization and some economic development, but problems with order an inequality remain.
<b>Central America</b>	<b>1825-1838</b> Battles over Federation	<b>Guatemala</b> 1871-1926 <b>El Salvador</b> 1871-1927 <b>Honduras</b> 1873-1919 <b>Nicaragua</b> 1893-1909 <b>Costa Rica</b> 1821-1914	<b>Military and Gangsterism</b>	<b>Costa Rica 1948-2005, rest post 1990.</b> Limited democratization in some cases, some economic success, still great deal of inequality and poverty.
<b>Chile</b>	<b>1833-1871</b> After early struggle, Portalian exceptionalism precedes more pragmatic	<b>1871-1970.</b> Resolution of conflicts from first 50 years of independence. Increasing national integration and successful social and economic policy.	<b>Move to the left followed by Pinochet</b>	<b>1989-2005.</b> Arguably most successful implementation of Neoliberal reform.
<b>Argentina</b>	<b>1820-1860</b> Battles over nature of regime	<b>1861-1930.</b> Successful integration into global economy and competitive democracy, but increasing social conflicts.	<b>Peronism and Military</b>	<b>1983-2005</b> Consolidation of democratic practices, but increasing inequality and fragile economic model.
<b>Brazil</b>	<b>1820-1889</b> Monarchy	<b>1889-1930.</b> Consolidation of national bourgeoisie. Regional divisions and inequality	<b>From Estado Novo to Military</b>	<b>1985-2005.</b> Consolidation of democratic reforms and significant growth, but continued social inequities and problems of order.
<b>Colombia</b>	<b>1825-1840s</b> Santander and consolidation	<b>1849-1880s.</b> Arguably continues from Nuñez to Violencia?	<b>Pactos and Rojas Pinilla</b>	<b>Post 1991</b> consolidation of democratic rule. Economic factors influenced by narcotraffic and state authority under threat.
<b>Venezuela</b>	<b>1820-1848</b> Páez and Conservative Consolidation	<b>1848-1890</b> From Liberal Oligarchy to Guzmán Blanco	<b>Gómez a Pérez Jiménez</b>	<b>Questionable application.</b> Post 1959 democracy, but with state oil sector dominating economy.
<b>Peru</b>	<b>1825-1845</b> Caudillos and consolidation	<b>1845-1881</b> Castilla to War	<b>Leguía a APRA a Velasco</b>	<b>1990-</b> Shift to market and <b>post 2000,</b> democratic rule.

## Beginning at the Beginning

Two hundred years ago, the Latin American republics faced the double dilemma of simultaneously constructing states and nations. In many ways, post 1812 Spain had to accomplish similar tasks. These countries had to (re)define both their internal laws and the territories in which they applied. Among myriad conflicting claims, they had to demarcate national membership along with its corresponding rights and responsibilities. They had to do so in an inauspicious environment and with challenging historical legacies.

What did the Liberals want? First it is important to recognize that any generalizations will obscure critical differences. Even in the single case of Spain, we should speak of *Liberalismos*<sup>26</sup>. Yet, at the heart of both the Liberalism of Cadiz and its Latin American counterparts was the emancipation of the individual, “unrestrained by government or corporate body and equal to his fellows under the law”<sup>27</sup>.

Perhaps first and foremost, Liberals unanimously sought a rejection of the past. Liberalism in many ways was a reaction to the perceived failures of the *ancien regime*. In the case of Cadiz, this involved the dismantling of the absolutist monarchy. The central concern was to move the sovereignty from the absolute monarch to the nation. In the Americas, it had more to deal with a wholesale rejection of Spain and the transfer of sovereignty across the Atlantic. Francisco Bilbao, for example, was particularly scathing in his calls for “de-hispanizing” and “de-catholicizing”<sup>28</sup>. Along with their counterparts in the North, Latin American Liberals extolled the possibilities of the new continent’s break with the old.

The most significant break in all cases was with old feudal orders of entailed estates, *fueros*, and ecclesiastical power. For many early Liberals, the secularization of society was the most important task at hand. But this was not simply a question of applied agnosticism, but reflected an aversion to any form of identity other than the individual. Communal memberships and categories were to be as much destroyed as monasteries.

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<sup>26</sup> Irene Castells, María Cruz Romeo and Ricardo Robledo, “Presentación” in Robledo, Castells, y Romeo, eds., *Orígenes del Liberalismo*, 2003, p. 11.

<sup>27</sup> Charles Hale, *The Transformation of Liberalism in XIXth Century Mexico*, p. 4.

<sup>28</sup> Charles Hale, “Political Ideas and Ideologies in Latin America, 1870-1930”, in Bethell, ed., 1996, p. 135.

Yet, and this is crucial, while the Liberals sought to remake their societies, their fear of power and its constraints on individual liberty made them reluctant to give a central state the power and the capacity to do so. It is important to remember that the Cadiz juntas were anti-Napoleonic by definition and were not disposed to utilize the political tools produced by the French Revolution. Liberals believed in a limited representative government (and the definition of that representation was of course fraught with conflict) made up of independent parts (both functionally and territorially divided) that would explicitly seek to limit any dominant power. How such a structure was to take on centuries of history was a question that few of the early Liberals seemed to have asked themselves. This central contradiction between the state needed to defend a national sovereignty and one that would respect individual rights would haunt all forms of Liberalism. In this way, the XXIth Century struggle over economic freedom and political equality had its origins at the very beginning of the XIXth.

Liberalism, both in Spain and in the Americas was less radical than the French revolutionary equivalent. Certainly in Spain, there was a fear of popular agitation and a great concern with the protection of economic interests<sup>29</sup>. There was a commitment to representative democracy, but here it is worthwhile to quote the Mexican Fray Servando Teresa de Mier so as to comprehend the limits of early Latin American Liberalism: “*Al pueblo se la ha conducir, no obedecer. Sus diputados no somos mandaderos, que hemos venido aquí para presentar el billete de nuestros amos*”<sup>30</sup>. There was an inherent naiveté to this early stage of Liberalism, which combined with an inherent disdain of the poor and the nonwhite. It was confident that the “integrationalist effects of the national idea” (proclaimed through independence) combined with the new freedom of the market would overcome all obstacles to progress<sup>31</sup>. But, as became increasingly clear in the decades to follow, once freed from the ideology of absolutism, the aspirations of the *pueblo* would be much more difficult to control. For Iberian Liberals (as with their Latin American counterparts), the goal was to create a government “based on the

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<sup>29</sup> Pedro Ruiz Torres, “Modelos sociales del Liberalismo español” in Robledo et al, 2003, p 178.

<sup>30</sup> “Profecía del Doctor Mier sobre la Federación Mexicana” en *Antología del Pensamiento Social y Político de América Latina*, 1964.

<sup>31</sup> Jesús Millán and María Cruz Romeo, “Was the Liberal Revolution Important to Modern Spain”, *Social History*, 29/3, 2004.

enlightened participation of the adult population”<sup>32</sup>. When the *pueblo* refused to be enlightened in the right way, democracy had to give<sup>33</sup>. So for example, it was one thing for the *próceres* to liberate slaves as they marched through the Andes. Giving these slaves equal rights outside of military settings was another thing altogether.

### *Defining Independence*

The new states of Latin America arose from the colonial era with a practically impossible challenge: they had to resolve caste-like divisions while claiming to include all citizens, and they had to construct a state that both respected liberty while maintaining order. With few exceptions, they failed to do any of these. It is this failure to resolve the double dilemma involving what Jeremy Adelman calls sovereignty and citizenship that helped define the Iberian 19<sup>th</sup> Century and arguably continues to haunt Latin America<sup>34</sup>.

All the relevant histories agree that a major difficulty facing the newly independent nations was the absence of a political order that was both legitimate and efficient. In general, the post independence states had uncommon difficulty negotiating power and legitimacy within a common framework of Liberalism or nationalism. Latin American nation states only consolidated after 1850 with their entry into a global economy<sup>35</sup>. The last point is a crucial one: the creation of nations as a product of international economic forces is one of the characteristics that distinguish Latin America.

How much did the newly independent nations inherit these dilemmas from the empires? There is little question that the colonial condition helped define Latin American modernity. The scholarly disagreements come from articulating the manner in which it did so. There appears to be some debate, for example, as to the strength of the colonial institutional apparatus. For some, the colonial state was a mighty behemoth with a well developed judicial system<sup>36</sup>. The ability of the colonial state to face the challenge of the Tupac Amaru rebellion of 1781 also

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<sup>32</sup> Philip Pajakowski, review of *Liberalism in 19<sup>th</sup> century Europe*, in the *Canadian Journal of History*, 2005.

<sup>33</sup> Obviously, this is a trend to continue in XX<sup>th</sup> Century Latin America with the rise of what I have called “democracy within reason” (1994).

<sup>34</sup> *Sovereignty and Revolution in the Iberian Atlantic*. 2006.

<sup>35</sup> Brooke Larson, *Trials of Nation Making: Liberalism, Race, and Ethnicity in the Andes, 1810-1910*, 2004.

<sup>36</sup> Carlos Forment, *Democracy in Latin America, 1760-1900*, 2003.

indicates that the colonial edifice was not entirely hollow. The figure of the King was a significant source of legitimacy and authority even far beyond the confines of vice-regal capitals<sup>37</sup>. Yet in other accounts, a very different picture emerges. Imperial controls over smuggling were ineffective with dire fiscal consequences as well as the inherent defeat of mercantilist policies. This represented a double burden for the colonial apparatus: it simultaneously frustrated advocates of free trade while being unable to protect its own favored merchants. Moreover, the principal threat to the enforcement of contracts (a critical function of any political authority) came from the state itself and its repeated unwillingness to meet its debt obligations<sup>38</sup>.

In understanding the final gasps of the empire, it is critical to keep in mind that it had to endure 20 years of almost continuous war against one or the other of the two global powers, Britain and France. Spain's involvement in this global conflict, first on one side and then the other, decimated its resources and created a power vacuum of no small proportion. With the collapse of the empire, colonists had no choice but to improvise a new system. The wars of independence actually led to break up of authority rather than facilitating the establishment of new ones. The same international situation doomed the new Republics to fight and survive in a much less hospitable geopolitical environment than that enjoyed by the 13 colonies to the north.

Making the job of the new states much harder was the fact that it was not obvious for many years who had really won the wars of independence. Consider that while a mere five years separate Philadelphia and Yorktown, fifteen years of chaos and destruction separate the appearance of independence juntas from the Battle of Ayacucho. For many years, people in the colonies just were not sure of the triumph, as the Spaniards were still very much around. The empire also enjoyed significant support even well into the wars: there were more Peruvians in the royal army at Ayacucho than on the side of the Liberators. An additional problem was that in all cases, there was considerable vagueness regarding what the territorial composition of the nation was supposed to be. The case of Bolivia may be the most obvious: should it be linked through bureaucratic or legal membership to La Plata or through networks of commerce and ethnicity with Peru or should it remain is

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<sup>37</sup> Cecilia Méndez, *The Plebeian Republic: The Huanta Rebellion and the Making of the Peruvian State, 1820-1850*. 2005.

<sup>38</sup> Adelman..

own autonomous zone? No natural centers of authority developed in the immediate post-independence era and "as the empire fragmented so did old territorial units of the colonies".<sup>39</sup> It is also worthwhile noting that it is not until 1861-62 that Argentina was ruled by a single constitutional government.

The uncertainty of the outcome regarding the continent's territorial division and the domestic order underlying it led to a perpetual militarization that lasted much longer than the actual wars. Certainly in the Andes, Creole modernizers continued to push their Liberal and disciplinary schemes "against debilitating forces of inter-cine strife, partisan warfare, civil war, foreign invasions, and territorial loss"<sup>40</sup>. As all observers have noted, it was the good fortune of Brazil to avoid both the militarization and the debate regarding the territoriality of authority that helps explain the divergence in its path to nationhood.

The war and the victory brought about huge economic costs and the disarticulation of production and exchange networks<sup>41</sup>. The mining sector, for example, was decimated by the wars. The collapse of imperial authority also saw a veritable explosion in banditry and brigandage<sup>42</sup>. Post independence civil wars made the situation worse as nothing cultivates banditry like ineffective government mired in a war of survival<sup>43</sup>. In some provinces organized groups of bandits paralyzed commerce or exacted their own rents. The battle between central government and other claimants was often played as an urban-rural struggle. In Venezuela, the llanos resented and successfully resisted any imposed authority while in Argentina, the resistance of the gauchos was legendary. The geographical challenges of mountain ranges dividing the country (as in Colombia) or sheer distance (as in Brazil) made central control not an option for local elites who responded by creating their own alternate policing strategies. The commitment to Federalism of many in the first generation of Liberals made a central and unified response to these challenges even more difficult.

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<sup>39</sup> Adelman p. 214.

<sup>40</sup> Larson, p. 51

<sup>41</sup> But see the debate on the extent of backwardness: Leandro Prados de la Escosura, "The Economic Consequences of Independence" in Victor Bulmer-Thomas, John Coatsworth, and Roberto Cortés Conde, *The Cambridge Economic History of Latin America*, 2006.

<sup>42</sup> Richard Slatta, ed. *Bandidos: The Varieties of Latin American Banditry*. Westport, CT: Greenwood Press, 1987. Paul Vanderwood. *Disorder and Progress: Bandits, Police, and Mexican Development*. Wilmington, DE: Scholarly Publishers, 1992. Carlos Aguirre and Charles Walker, eds. *Bandoleros, Abigeos y Montoneros. Criminalidad y Violencia en el Perú, siglos XVII-XX*. Lima: Instituto de Apoyo Agrario, 1990.

<sup>43</sup> Slatta, p. 16.

Finally, what little state was created or survived was mired in a disastrous cycle of corruption<sup>44</sup>. This was not new, as the temptation to enrich oneself from the fruits of the conquest had been there from the 16<sup>th</sup> Century. The venality of the colonial administration combined with the relative weakness of the imperial authority (even during the Bourbon reforms of the 18<sup>th</sup> Century) to create a fragile and often privately undermined public sphere. The years after independence were little different. It was the rare caudillo who left office poorer than he when he entered. Even those who might not have been tempted by material riches such as Argentina's Rosas, destabilized the rule of law and the respect for property. It is important to understand the extent of corruption and the fact that this was not merely an irritant at the margins of the state, but a cancer that consumed its very heart. In Peru, for example, corruption might have represented an average of 40% of government expenditures, and sometimes would consume all of the revenues from the sale of resources<sup>45</sup>.

In short, the arrival of the *patria* was an economic and social disaster for many parts of the continent.<sup>46</sup> In general, independence did not provoke a decisive economic shift from a crumbling unviable old order to a robust and uplifting new one, "there was no bourgeois revolution"<sup>47</sup>

If the state was fragile, the underlying sense of collective identity (and thus legitimacy) was even weaker. Latin America had always been divided between the *república de los indios* and the *república de los españoles*. After independence, the latter might have been called *la república de los blancos*. The name change meant little to those on the bottom. There is no question that early Liberals were aware of this social division, but there is some doubt as to the extent that they were willing to go to repair it. Most were certainly not willing to pay the political or economic price to obtain unity<sup>48</sup>.

There was little or no sense of "nation" prior to 1810 (with possible exceptions in Chile, New Spain (Mexico) and Buenos Aires). There is practically no scholar who would argue that the independence struggles were an expression of

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<sup>44</sup> Alfonso Quiroz, *Corrupt Circles: A History of Unbound Graft in Peru*. Baltimore: Johns Hopkins Press, 2008.

<sup>45</sup> Quiroz, p. 448.

<sup>46</sup> Méndez, p. 74.

<sup>47</sup> Adelman, p. 355.

<sup>48</sup> Tulio Halperín Donghi, *The Contemporary History of Latin America*, 1993; Vincent Peloso and Barbara Tenenbaum, "Introduction", in Peloso and Tenenbaum, *Liberals, Politics and Power*, 1996, p. 4-5.

even proto-nationalist sentiments. As many have noted, Perry Anderson's notion of a "creole nationalism" might have been theoretically brilliant, but it was empirically wrong. In the case of Peru, not until early 20<sup>th</sup> century did the nation appear as a continuous "time-space construct"<sup>49</sup>. Creole political factions could call upon no "unifying myth, no accepted rule of law, no deep well of political experience, and converging class interest in universalistic ideals that might guide them in their efforts to navigate postcolonial transitions"<sup>50</sup>. What sense of nation did exist (at least among Creoles) had to do with Spain and the conflicting claims to that sovereignty turned the independence conflicts into civil wars. This, in turn, further splintered notions of a single national community<sup>51</sup>. Tulio Halperín Donghi, the dean of 19<sup>th</sup> Century historians, emphasizes that certainly in Argentina and arguably in the rest of the region, the critical political identity (when one existed at all) was the party, not the nation. People thought of themselves as Federalists or Unitarians or Liberals or Conservatives more than as Argentineans or Mexicans<sup>52</sup>. This led to a the failure of pluralism rather than one of democracy: parties and factions came to fear too much the victory of the others and could not accept electoral rules as a consequence---these came to be seen as fraught with too much danger<sup>53</sup>. To these division we must always add the constant and dominant awareness of the co-existence of different *ethnies* within nations. Even today, racial or ethnic identity can often trump any sense of nationality in many Latin American countries and regional identities often drown any sense of "Spanishness".

There seems to be broad agreement with John Lynch's judgment that before the 1850s most Latin American countries had, at best "an incipient nationalism almost entirely devoid of social content"<sup>54</sup>. The absence of a "nation" was noted by the great generation of Liberals and they sought to create a new sense of nation separate from whatever had been inherited from the colonial era: Mora in Mexico, Alberdi and Echevarria in Argentina, Bello and Lastarria in Chile. The literate classes in and outside of the state sought to create a teleological sense of history

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<sup>49</sup> Sara Castro-Klarén in *Beyond Imagined Communities: Reading and Writing the Nation in 19th Century Latin America.* , 2003

<sup>50</sup> Larson, p. 38.

<sup>51</sup> Francois Xavier Guerra, in Sara Castro Klarén *Beyond Imagined Communities: Reading and Writing the Nation in 19th Century Latin America.*

<sup>52</sup> In Sara Castro Klarén *Beyond Imagined Communities: Reading and Writing the Nation in 19th Century Latin America.*

<sup>53</sup> Peter Guardino, *After Spanish Rule: Post colonial Predicaments of the Americas*, Mark Thurner and Andrés Guerrero, editors, Duke 2003.

<sup>54</sup> John Lynch, *The Spanish American Revolutions, 1808-1826*, 1973, p. 340.

through romantic novels, national expositions, and the elaboration of a national folklore<sup>55</sup>. Latin Americans were the first group of citizens in the modern world to have failed in their attempt to reconcile social equality with cultural differences. Some Latin American were able to develop the “social power” of associative life, but this was a organization that appeared to exist purely in the private realm and which occurred with the citizens “backs to the state” and, arguably, with their backs to the rest of their supposed national community<sup>56</sup>. The key factor here may be the inherently contradiction between the Liberals commitment to social and political equality (or at least in principle), and their aversion to a strong centralized state. Without a political tool, they could not remake society (even if they had truly wished to do so). Without a united society, a federalist structure was doomed to failure.

The one area where the state did seem to maintain some bureaucratic coherence also contributed to the ultimate frustration in the creation of a collective identity. In almost all the cases one can find examples of the relatively young state maintaining and enforcing racial divisions. Whether through the racialization of census categories or through social and economic policies, the state insisted on drawing internal boundaries before it even consolidated national frontiers. The origins of the failure to “make nations” may be found in the challenge of race and class.

The new nations and their elites faced a particular post-colonial predicament: they needed to distinguish themselves from both natives and Europeans<sup>57</sup>. What made this condition particularly challenging for the Latin American republics was the fact that they had to maintain the ethnic divisions of the colonial order while elaborating new discourses of political modernity. The Liberals of the 19<sup>th</sup> Century needed to create a language that both spoke of universality while maintaining exclusivity. This paradox between equality and hierarchy made it impossible to create what Brooke Larson calls a “hegemonic

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<sup>55</sup> Fernando Unzueta and Beatriz González-Stephan in Sara Castro Klarén *Beyond Imagined Communities: Reading and Writing the Nation in 19th Century Latin America*.

<sup>56</sup> Carlos Forment....

<sup>57</sup> Thomas Abercrombie, In *After Spanish Rule: Post colonial Predicaments of the Americas*, Mark Thurner and Andrés Guerrero, editors, Duke 2003.

language of contention”. For Larson, the Andean republics carried “the burden of race...into the 20<sup>th</sup> Century: the stark binary categories defined politics”<sup>58</sup>.

The specter of race and rebellion haunted the Creole imagination even before 1810. The Tupac Amaru rebellion of 1781 had demonstrated that elite fears of Indian revolt were not completely unmerited. Prior to the revolt, there had been a concerted attempt, at least in Peru, to link native and conquering hierarchies. This included the preservation of the Inca aristocracy as well as the elaboration of a national “Incaness” based on Garcilaso de Vega<sup>59</sup>. Similar efforts can be seen in New Spain. But the Andean rebellion led Creole elites to see such policies as blunders to be avoided at all costs, and the last years of the Empire witnessed a strengthening of racial domination. The break with any efforts to tie political legality to pre-conquest structures created a legitimacy vacuum that eroded the authority of the empire and also subsequent republics. This Creole counter-revolution was complemented by a dramatic increase in the economic importance of slavery and an accompanying rise in the number of Africans living in bondage. Not surprisingly, this led to a further, understandable, paranoia which was only confirmed by the revolt on St. Dominique (1791). What the double sub-altern threat meant was that just as the elites of the colonies were acquiring power and influence vis-à-vis the metropolises, “they faced much more troubling challenges to their authority from below”<sup>60</sup>.

These fears and quandaries were exacerbated by the demographic makeup of the various armies fighting after 1810. Recent scholarship leaves no doubt that the respective sub-alterns were *not* passive either in the independence wars or in the efforts to create new national orders. There was a real popular mobilization in Peru and independence was not purely a Creole gift. The crisis of the monarchy begun in 1808 unleashed a variety of Indian projects and demands in both Mexico and the Andes. Scholarship on the independence wars has already documented the unease with which Creole elites observed the participation of blacks or Indians on both sides. As Jorge Basadre nicely put it: “There was widespread disgust among the old aristocrats toward the turn of events in the republican experiment”<sup>61</sup>.

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<sup>58</sup> Again, the comparison with the American could be enlightening.

<sup>59</sup> Castro-Klarén, p. 175.

<sup>60</sup> Adelman, p. 91.

<sup>61</sup> *Historia de la República del Perú*, 1983, quoted in Méndez front piece.

In creating the new republics, the elites appeared to have two options. They could recreate the racial architecture of colonial rule or try to create modern Liberal states with an inclusive citizenship. They managed to do neither. At first, there were attempts to dismantle the old ethnic order. But when subalterns took Liberals at their word and attempted to participate in politics, they were consistently thwarted. No better example exists of this double failure than the preservation of Indian tribute throughout the Andes. Due to their fiscal weakness and the ability of the merchant elite to void both taxation and loans, the Andean state remained dependant on the head tax. Yet, the Liberal ideology to which these same states ascribed required the abolition of the special judicial and political status of Indians. Indians faced a sort of post-feminist double burden: all their obligations remained, but traditional rights were constrained. Worse was to come. As the insertion into a new global economy increased the relative value of the land occupied by the Indians, the tribute tax was replaced by the wholesale displacement and new forms of market defined peonage.

Similar contradictions arose in the effort to create new national identities. The historiographical aerobatics of the Peruvian elite attempting to claim the Inca heritage of magnificent ruins while divorcing them from the miserable peasants around them were quite remarkable.<sup>62</sup> Typical of this paradox was the reaction of the Lima elite to the possible leadership of President Andrés Santa Cruz; he was too much of an Indian to rule the “land of the Incas”!<sup>63</sup> Some, such as José Martí would claim that “our America” began with the Incas, and many intellectuals sought to symbolically appropriate pre-conquest identities, but conservative critics like Lucas Alaman were right in pointing to Liberals that they could not successfully claim pre-conquest heritages while maintaining post-conquest privileges.

The result was a double world. There was a lively civil life within some associational spheres, but these remained closed to the masses through explicit racial exclusions. Using Carlos Forment’s language, Indians were perpetually judged not rational or adult enough to participate in the new societies. In the end, this led to the Liberal promise of the first half of the century to transform itself into the positivist eugenics of the last half.

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<sup>62</sup> In Turner. This is a fascinating reversal on the attempts by the English Romantics to link 19th Century Greeks to their Athenian predecessors.

<sup>63</sup> Méndez 207.

The Spanish experience in the first half century of Liberalism in many ways resembles that of the majority of Latin America. The conflicts featured initial opposition from a monarch attempting to re-establish absolutism, then a popular revolt against what may be described as “secular modernity”, internal struggles within the Liberals producing two clear wings: moderate and “progressive”, all leading to perpetual government instability and increasing military politicization. Economically, Spain failed to grow until after 1850 and fell progressively back behind Britain and France (for example, in 1850, when these countries and the US already had rail road mileage in the thousands, Spain had a total of 28 kilometers connecting Madrid with Aranjuez!)<sup>64</sup>. Much as in the case of Latin America, the Liberals sought to usurp traditional privileges without offering advantages of an alternative. The post 1833 regime did expand the sale of ecclesiastical land and make the suffrage more democratic, but again, these moves created more enemies and instability rather than solve problems or create allies. The loss of the American colonies was, of course, the final straw of a half-century of frustration. By the 1870s, Spain had gone through 2 different royal lines, a republican interregnum, countless military *pronuncimientos*, a perpetual civil war in the northeast of the peninsula, and was falling ever backwards compared to its European counterparts.

The political outcomes of the Liberal revolution in Spain was “a constitutional monarchy based on the political exclusion of the majority of the population....profoundly anti-democratic, antipopular, and oligarchic. Despite being formally a centralist system, the new national state did not destroy the old political, social, and cultural characteristics of local and regional milieus”<sup>65</sup>. Stanley Payne has offered an excellent summary of the reasons for Liberal frustration that sound remarkably like the problems facing Latin America. These included: the imposition of a political structure far ahead of the social and economic development of the country, the absence of a middle-class or bourgeoisie on which to launch a social and economic revolution, and the failure to resolve the struggle with the church.<sup>66</sup> While Spain did not have the racial inequities and legacies of Latin America, the regional and class divisions served as the structural equivalents thereof. Moreover, the Liberal elites, while attempting to base their legitimacy on

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<sup>64</sup> Gabriel Tortella, *The Development of Modern Spain*, 2000, pp. 2-3.

<sup>65</sup> Isabel Burdiel, “Myths of Failure, Myths of Success”, *Journal of Modern History*, 70, 1998, p. 908.

<sup>66</sup> Stanley Payne, *A History of Spain and Portugal*, p....

their allegiance the *nación*, “*destestaban al pueblo, lo consideraban ignorante y digno solo de recibir lecciones u órdenes*”<sup>67</sup>. Simply put, “between 1830 and 1880 the powers associated with post-revolutionary Spanish Liberalism failed to integrate the diverse political sensibilities of the country’s various social sectors.”<sup>68</sup>

In order to better understand the frustrations of this first phase of Iberian Liberalism, it is worthwhile to look at the exceptions to the rule: Brazil and Chile. Brazil faced many of the challenges of its continental neighbors. With its massive size, the state could reach only a few parts and regional divisions presented challenges<sup>69</sup>. The ongoing system of plantation slavery underscored the inequities of Brazilian society with an estimated 30% of the population considered property. Parts of the military often challenged Imperial authority and rebellions of various sorts required violent responses. But, in many ways the limitations of the system led to its relative stability. Brazil did not go through a Liberal revolution in the first part of the XIXth century. The formal authority of the central government was not challenged by an elite wing distrustful of government, but enjoyed considerable support among the upper classes who feared slaves more than the monarch. Perhaps most importantly, the continuation of slavery and the monarchical nature of the regime postponed the contradictions between formal democracy and equality and the social reality of the post-colonial regime. After 1850, an ascendant Liberal wing was to challenge the monarchical order and Brazil would come to face many of the same problems of the rest of the region.

The Chilean case is a remarkable counterfactual to the narrative told above as the country both had a different set of structural constraints or factor endowments and it also largely abandoned Liberal doctrines at an early stage of the XIXth Century<sup>70</sup>. First, Chile was blessed with a much smaller geographical space on which to impose order. The concentration of population and economic activity within the Central Valley further facilitated control (compare, for example with the task of a Mexican state attempting to impose order in both Texas and Chiapas!) The Chilean population was relatively more homogenous given the marginalization of the indians on the frontier and the elite was even more so (a

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<sup>67</sup> José Álvarez Junco, *Mater Dolorosa*, 2001, p. 135.

<sup>68</sup> Jesús Millán and María Cruz Romeo, p. 290.

<sup>69</sup> Nathaniel Leff, *Underdevelopment and Development in Brazil*, 1983; Richard Graham, *Patronage and Politics*, 1990; and Roderick Barman, *Brazil: The Forging of a Nation*, 1988.

<sup>70</sup> Simon Collier and William Sater, *A History of Chile*, 1996; Julio Faundez, *Democratization, Development and Legality, Chile 1831-1973.*, 2008.

family tree of the Chilean political elite would show an almost Roman level of incestuousness).

But Chile did face a decade of Liberal conflict. What was different was that in this instance the more “conservative” order triumphed. Rather than attempting to combine a federal structure and a fear of the state with aims to democratize the society, Chile under and after Diego Portales, was openly and explicitly exclusive, centralist, and presidentialist. Rather than trusting a political market to produce a social order, Portales preferred one “maintained by the weight of the night”. There were no Liberal illusions in Portalian Chile. But, the institutionalization of authority (perhaps assisted by the early death of Portales and the employment and success of the military outside of its borders) also permitted to development of a system where the rights of property were protected and where a form of commercial legality provided a stability unknown to its neighbors.

### **The Triumph of Liberalism**

Following this inauspicious beginning, the economic performance of the Iberian countries improved considerably in the last third of the XIXth Century and on through the great Depression. Obviously, Argentina was the “ideal” case, as it doubled its per capita income in real terms between 1900 and 1930. Chile’s equivalent was 2/3rds that of Argentina, but practically tripled between 1870 and 1930. Even a relative laggard like Brazil saw its income almost double and the creation of a dynamic development zone centered in Sao Paulo. These countries also witnessed a significant growth in the size of the state and in the services provided thereby, particularly in the first third of the XXth Century. Beginning with the World War, state expenditures actually increased at a faster rate than national income<sup>71</sup>.

The engine for both the economic development and the expansion of the state was clearly the boom in international trade. These economies participated in the so called Second Industrial Revolution which “brought unprecedented investment, technological innovations (steamships, railroads, refrigeration, barbed wire fencing) and above all a huge new demand for capital goods inputs (copper, rubber) and consumer goods (sugar, wheat, beef, and coffee)”<sup>72</sup>. Between the last

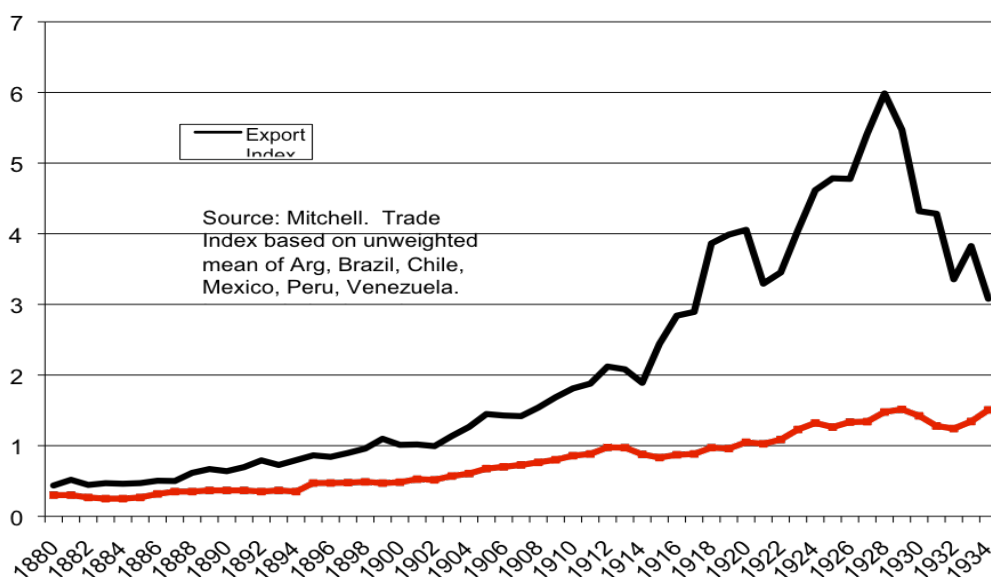
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<sup>71</sup> R.B. Mitchell, *Historical International Statistics: Americas...*

<sup>72</sup> Joseph Love, “Latin America and Romania” in Love and Jacobsen, eds., *Guiding the Invisible Hand*, 1988, p. 2.

third of the 19<sup>th</sup> Century and the first third of the 20<sup>th</sup>, many of these countries (including Spain) saw export increase by factors of 4 to 6.

The *dependentistas* were correct in pointing out the critical weaknesses in this model. First, the development multiplier of this kind of trade was small. Trade boomed at a much faster rate than the overall economy (see figure below) and left a relatively limited positive legacy. Certainly the domestic market was not helped by the import of capital goods for extraction, and luxury items for consumption.



The model also relied on a few products and a few customers. This form of economic development would always leave the Liberal countries dependant on actions elsewhere (thereby weakening their sovereignty) and reluctant, unwilling, or uninterested in developing internal markets (thereby constraining the unification of the country). Argentina, for example depended on the UK for 1/3 of its exports and on six primary products for almost all of its exports. As late as 1914, Brazil depended on coffee and rubber for over 2/3rds of exports, while Chile counted on two products and three customers for over 80%. All also shared the troubling problem of negative trade balances with the largest buyers.

Growing rich and open to the first modern weave of globalization, the successors of the first generation of Liberals were in a practically universal state of self-congratulation. The civil wars which had wracked the continent for the first century of independence were resolved: Mexico in 1857 and 1865, Argentina in 1861, Chile in 1891, while in Brazil the monarchy had been deposed and the last

bastion of slavery finally abolished (in most of the other cases, this had been accomplished by the 1850s). Liberals had also severely weakened the political and economic power of the Church. Through the *desamortización*, they had supported the further enrichment of elite that now had the resources to invest in the new export industries. Everywhere one looks around 1880 one sees Liberals (or fairly close approximations) in power. This hegemony would last through the 1920s. These years were indeed, in the words of David Bushnell and Neill Macaulay, the “heyday of Liberalism”<sup>73</sup>.

But the triumph of Liberalism was purchased at some ideological price. In the words of Charles Hale: “What appeared to be the fulfillment of Liberalism was in fact its transformation from an ideology in conflict with the inherited colonial order of institutions and social patterns into a unifying myth....the years after 1870 were years of political consensus”<sup>74</sup>. The transition from backward *barbarie* to modern civilization left many who had been at least nominally included in previous Liberal versions of the *nación* without a political home. The assault on communal lands, for example, had merely stripped rural Indians of any legal protection and instead of freeing them into a burgeoning and free labor market merely made them peons in a new form of exploitation.

What has been said about Spain could apply to the entire Iberian world: *“Las revoluciones Liberales fueron pues, elitistas...tras repetidos fracasos, persecuciones y exilios, muchos de los Liberales acabaron comprendiendo cuán aislados estaban del aquel ‘pueblo’ al que, en teoría, representaban y servían. Sólo entonces evolucionaron....renunciaron al populismo, adoptaron un escepticismo pesimista sobre las virtualidades de la raza; abandonaron los esquemas ingenuos y optimistas sobre la historia nacional; y a consecuencia de todo lo anterior, moderaron su programa político hasta borrar de él toda reforma radical.”*<sup>75</sup>

While earlier forms of Liberal doctrine had paid attention to some notion of human rights, the newer version was characterized by what Frank Safford has called an elite wide consensus of dogmatic economic Liberalism<sup>76</sup>. This may be best expressed in Alberdi’s constitutional proposals in which the state should focus on “the expansion of commerce, the rise in the spirit of industry, the free pursuit of

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<sup>73</sup> *The Emergence of Latin America*, 1994.

<sup>74</sup> “Political Ideas and Ideologies in Latin America, 1870-1930” in Bethell, ed., 1996.

<sup>75</sup> Álvarez Junco, p. 506.

<sup>76</sup> “The Emergence of Economic Liberalism in Colombia” in Love and Jacobsen, p. 54.

wealth, the entry of foreign capital...”<sup>77</sup>In many ways, this new economic ideological consensus was simple to understand. While the other aspects of Liberalism (secularization for example) were fraught with political conflict, few members of the elite were askance to making some of the new money available in the global economy. The success of the export economy went a long way to redefining the attitudes of broader elite towards economic Liberalism<sup>78</sup>. The reality and the ideological vision too severely contradicted each other: “The transformation of Liberalism after 1870....can be seen in part as the inadequacy of the ideal of the small property holder in countries made up of *latifundia* owners and dependent rural peoples, whether slaves, peons, hereditary tenants or communal Indian villagers. In an era marked by the resurgence of export economies, the elites could and did conveniently hold to the formalities of Liberal social philosophy while neglecting its earlier spirit.<sup>79</sup>”

The fate of democratic commitment was a little different. Here the letter of the law was followed while the spirit was violated constantly, creating what some call a “fictitious Liberalism” or an “anti-democratic pluralism”<sup>80</sup>. A Liberal like Colombia’s Miguel Samper, for example, could embrace many of the classic doctrines while still opposing extended suffrage and never challenging his own notions of social superiority<sup>81</sup>. There were, of course, contradictions between the rights of the subaltern and the interests of the wealthy elite, and this limited the latter’s enthusiasm for the logical outcomes of a broader suffrage<sup>82</sup>. The previous decades of subaltern revolts and attempts at political participation had taught most Liberals to be very careful how much equality they wished for. With the masses effectively excluded through corruption, *caciquismo*, and legal or bureaucratic constraints, democracy was much safer, for the elites<sup>83</sup>. There were exceptions. For example, Francisco Bilbao could still in 1864 assault a system in which “*el pobre está fuera de la justicia*”<sup>84</sup>. By this point, however, most Liberal intellectuals had moved from what Natalio Botana has called the republic of virtue

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<sup>77</sup> Hale, in Bethell, p. 140.

<sup>78</sup> David Sowell, “Artisans and Tariff Reforms”, in Peloso and Tenenbaum, eds., *Liberals, Politics and Power*, 1996.

<sup>79</sup> Hale, in Bethell, p. 146.

<sup>80</sup> Millán and Romeo, p. 293.

<sup>81</sup> Hayle Froyland, “The *regeneración del raza* in Colombia” in Doyle and Pamplona.

<sup>82</sup> Vincent Peloso, “Conclusions”, in Peloso and Tenenbaum, p. 204.

<sup>83</sup> Javier Moreno-Luzón, “Political Clientalism, Elites, and Caciquismo in Restoration Spain”, *European History Quarterly*, 37, 2007.

<sup>84</sup> *El evangelio Americano*, p. 152.

to the republic or order. The poor, and especially the non-white would have to step aside on the road to modernity<sup>85</sup>.

The fiction of democracy had its costs. The perpetual rhetorical promise of rights and the frustration of the political reality steadily undermine the legitimacy of authority. That those below found their voices in increasingly radicalized parties and movements should have come as no surprise. Rather than being brought into the state by “really existing” suffrage or through social reforms, or united by external enemies, non-elite sectors increasingly opted out of the system. The rise of anarchism in Spain is merely the most visible aspect of this rejection of the Liberal order by large parts of the population. A shift from political involvement to one more directly concerned with economic gains (as happened throughout Latin America) is yet another, as was rebellion against the hated land-owner. The result of the new Liberalism was not a more inclusive Republic, but a worsening social conflict that would explode and then be contained during the second third of the XXth Century.

### **Inequality and the State**

The new form of Liberalism did not address the underlying institutional problems facing it and which it inherited from its predecessors: a deeply divided society and a weak state. The result of this new Liberalism was a continuation and a depending of what Paul Gootenberg calls the “social dualism”<sup>86</sup> which characterizes much of the Latin American continent to this day. We have considerable anecdotal evidence of the social dualism that pervaded in Latin America through the Liberal era while the intellectual tradition of “two Spains” demonstrates that this was not a purely continental phenomenon. We also have considerable evidence that inequality increased during this period. Modernization combined with already developing concentration of land (begun through the dissolution of communal and church holdings) further condensed and restricted power and privilege. The underside was basic living standards that failed to improve until well into the 20<sup>th</sup> Century<sup>87</sup>.

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<sup>85</sup> *La tradición republicana*, 1984. See also Mark Szuchman, “Imagining the State and Building the Nation”, *History Compass*, 4/2, 2006.

<sup>86</sup> “Peru’s Beleaguere Liberals”, in Love and Jacobsen, p. 89.

<sup>87</sup> Coatsworth, *LARR*, pp. 19-130. For some descriptions of what this meant politically and socially, see Paul Gootenberg, *Imagining Development*, pp. 59-64 or Robert Jackson, ed., *Liberals, the Church and Indian Peasants*, 1997.

We have nothing resembling a Gini coefficient for the 19<sup>th</sup> Century, but certainly any perusal of the fiction of the period or travelers' accounts leaves no doubt that Iberia and Latin America were starkly divided societies. Analyses of land tenure throughout the Iberian world reveal the same pattern: a very small oligarchy controlling a vast percentage of the best land, and a large majority of the rural population either holding small plots or existing as a perpetually underemployed rural proletariat<sup>88</sup>.

In the absence of reliable data on income inequality, we may use levels of literacy as one indication of divisions within society. (Levels of literacy and inequality are highly correlated). It is first worth noting that all of the Iberian countries had worse rates of literacy than that of the North American black population in the defeated states of the Confederacy well into the 20<sup>th</sup> Century<sup>89</sup>! As late as the 1920s, many of these countries (including Spain) could only count on half of the population being literate. For Spain, the availability of better data allows us to comprehend the extent of both regional and class inequality well into the 20<sup>th</sup> Century: Andalucía in 1920 had roughly half the literacy rates of Madrid or the Basque Country, while military recruits from the poor countryside were educationally and physical dwarfed by their middle class and urban officers<sup>90</sup>.

These divisions led to what has been called the “weak nationalization of the masses”<sup>91</sup>. Liberalism depended on a voluntary community of citizens who shared a set of values and institutions, yet most of these countries lacked any a sense of a national conscience<sup>92</sup>. In the Western European cases (and arguably in the North American as well) this consciousness was necessarily pre-existing, but had to be invented and imagined by a state. Even wars, which forged identities in other cases, often reproduced animosities towards the notion of a single nation or helped maintained regional autonomies<sup>93</sup>.

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<sup>88</sup> The low levels of state capacity mean that we do not have agricultural censuses with reliable tenure data until the 1950s in many countries.

<sup>89</sup> USA black: Historical Statistics of the US; Spain: Viñao Frago; LA: Astorga, Berges, Fitzgerald. Confederate Core is SC, Geo Ala, Miss, LA.

<sup>90</sup> *Estadísticas de España*....

<sup>91</sup> A discussion begun in Spain by Juan Linz in the 1970s and continued today with efforts by Álvarez Junco and others. See Sebastian Balfour and Alejandro Quiroga, *España Reinventada*, 2007. For Latin America see.....

<sup>92</sup> Xosé M. Núñez Seixas, “Liberalismo y nacionalismo español” in Robledo, 2003, p. 274.

<sup>93</sup> Obviously this is a major point of contention In Spain regarding the bases of Catalan and Basque nationalism in the 19th Century. For a fascinating discussion in the case of Peru, see the ongoing argument between Heraclio Bonilla and Florencia Mallon, e.g. in Steve Stern, ed., *Resistance Rebellion and Consciousness in the Andean Peasant World*, 1987.

There were considerable efforts to create something resembling a nation. Perhaps no other country saw as vigorous a strategy as Argentina, which, faced with an onslaught of immigrants, sought to create a school system which would lead to the culture homogenization of the population<sup>94</sup>. At the same time, many of the countries began institutionalizing a set of national symbols meant to concretely symbolize the community. But such efforts were mired in part by the deeply racist attitudes of elites to their migrant, freed, or Indian subalterns. It may be a truism that every elite despises those below, but in the case of Latin America (and arguably Spain) the width of the gulf was decisive. Fears of degeneration of the nation-state through excessive contact with those on the bottom produced a version of “Liberal eugenics” with medical and sanitary impositions that did more to antagonize the population than to draw it into any national bosom<sup>95</sup>.

What of the state? While it did expand overall during these years, it is an object of some debate to the extent that it penetrated deeper into the respective societies. Let's analyze the efforts of these states in several relevant areas.

The new Liberal state was able to impose much greater control over the countryside and to consolidate its monopoly over the means of violence. These campaigns were fought against three potential rivals: autonomous Indian tribes, regional powers, and brigands. All were defeated and, in the case of the Indians of Argentina, Chile, and northern Mexico, practically eliminated. Julio Roca in Argentina, Porfirio Díaz in Mexico, Santa María of Chile and Guzmán Blanco in Venezuela, all led efforts to “pacify” and “civilize” Indians and others. The results were a vast expansion of the land available for commodity production, but in rare cases did it lead to a “peopling” of the countryside. More class defined opposition to the state such as the *cangaceiros* of Brazil and the *llaneros* of Venezuela came under increasing central control during these years. Finally, the end of the 19<sup>th</sup> Century saw the last breadth of attempts at regional autonomy. By 1900, the national capital reined supreme (even if the reach of the rule remained limited). The Federalist dreams of the early Liberals had been abandoned in favor of an autocratic (if often ineffectual) centralism.

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<sup>94</sup> Jorge Myers, “Language, History, and Politics”, and Jean Delaney, “Imagining *la raza argentina*”, in Doyle and Pamplona.

<sup>95</sup> Teresa A. Meade, “Civilizing” *Rio: Reform and Resistance in a Brazilian City*. University Park: Penn State Press, 1997.

In celebration of the new wealth and the pretensions of authority, massive efforts were expended in creating capitals worthy of the new Liberalism. Liberal capitals were being transformed with the appropriate architectural references to Haussmann and the Belle Époque. From Mexico City to Buenos Aires, grand boulevards were created where the upper classes could enjoy their paseos without fear of coming into contact with the lower orders. The architectural effort was accompanied by the creation of professional police forces in charge of corrupting influences and managing the frontier between the neighborhoods of different classes<sup>96</sup>.

It appears that policing efforts were more developed than the institutionalization of the rule of law, “the assumed universalistic and effective application of regulations”. Certainly the rights of those on the bottom had little formal protection. But even relations within the elite remained under-institutionalized. The case of Mexico demonstrates that simplistic reliance on authoritarian methods did not provide the Liberal economic order with an institutionalized base. Rather, the Mexican government consistently used access to markets and state business to benefit the small circle on which it relied for support<sup>97</sup>. The rent-seeking made the Mexican economy more fragile while also freeing the state from having to develop more solid fiscal bases<sup>98</sup>.

The development of a national infrastructure also lagged behind. In some cases (Argentina and Mexico) a national communications and transportation network did arise. But a great deal of money was spent on pretending to have a national infrastructure. To use a simple example, Madrid’s Palacio de Comunicaciones, inaugurated in 1907, was an impressive edifice, but the quality of the postal system outside of the main systems was arguably not much improved since mid-century. In general, almost all of these countries were sending the same number of letters and telegrams in the early 20<sup>th</sup> Century as they had been 20 or 30 years before while the traffic in the US and Canada (and Argentina’s) increased exponentially.

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<sup>96</sup> Donna Guy, *Sex and Danger in Buenos Aires: Prostitution, Family, and Nation in Argentina*, 1991. Boris Fausto. *Urban Crime in Brazil: The Case of Sao Paulo, 1880-1924*, 1981.

<sup>97</sup> Steven Haber, ed. *How Latin America Fell Behind*.

<sup>98</sup> All of these countries lacked a systemically designed and exploited tax base. See Centeno 1997 for details.

The shape as well as the size of the state's infrastructural developments tell the same story. The state penetrated the society in order to accelerate its integration into the global system, but not in order to integrate it to itself. The pattern is universal: RR are meant to link major export production zones with either the capital or with ports. In Argentina's case certainly, outside of the province of Buenos Aires, railroad mileage was low. Well in the 20<sup>th</sup> Century, the RR networks resemble a wheel with a variety of spokes, but nothing linking these outside of the center. The contribution of such a transport and communication infrastructure to the underdevelopment of internal markets and a national identity was critical.

In general, Latin American states were much less intrusive on daily life than were even their Liberal counterparts in Europe and North America<sup>99</sup>. Whether in the person of the postmaster, the teacher, the census taker, health inspector, military draft board, or tax collector, the state was often unseen in large parts of Latin America. Certainly the goal of standardization and control by which an uninterrupted line linked the president to the local policeman or town clerk was rarely met. Liberals remained skeptical of the power of the state. Alberdi in 1880 expressed it best when he compared the successful individual egoism of the North to the collective patriotism of the South: “[*las repúblicas americanas*] *deberán su salvación al individualismo, o no los verán jamás salvados si esperan que alguien los salve por patriotismo*<sup>100</sup>”. Even when they sought to expand the scope of the state, they often confused laws with power and the underlying political and administrative order was much more fragmented than the Official Gazette's would imply<sup>101</sup>. The capacity of the state to pay for itself remained limited and remained overly dependent on customs and royalties. Revenues available per capita show that in the case of Spain, for example, there was little institutional development as compared to other European countries.

The result of this fragility was that no Iberian Liberal state was able to carry forth the nationalization of the masses a la Eugen Weber's France.<sup>102</sup> . The

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<sup>99</sup> For a summary of the accomplishments of the European Liberal state, see Adrian Shubert, “The Liberal State”, in Peter Sterns, ed. *Encyclopedia of European Social History*, Vol. 2. Scribners...

<sup>100</sup>“La Omnipotencia del Estado es la Negación de la Libertad Individual”.

<sup>101</sup> Álvarez Jusco, p. 537.

<sup>102</sup> Álvarez Junco, and see my *Blood and Debt*, 2002, Chapters 4 and 5.

state could make neither citizens nor nations and without these the Liberal political notions were doomed to failure.

Even worse, whatever state authority was used was implemented to augment the consequences of inequality and to benefit those in power. Rather than being a vessel for individual liberty or the defender of the *nación*, the state was often no more than a, more or less effective, elite protection mechanism. Following John Coatsworth on Mexico, instead of a Liberal ideal of a “limited government with effective institutional constraints on government predation” what the Iberian world received was institutionalized cronyism producing economic growth by guaranteeing protection to a small elite of the politically connected<sup>103</sup>.

There were significant exceptions to his pattern of state fragility. As Steve Topik points out, the Brazilian state was internally consolidated and internationally respected. Its elite had been able to avoid the conflicts of the first part of the Century (thanks to the monarchy, the weakness of the Church, and the economic importance of slavery). Unlike in Mexico, the first republic after 1889 was able to create a rule of law within finance and business circles thus allowing for the development of a more sophisticated and dynamic economy<sup>104</sup>. Thus, the Brazilian state entered the XXth century on much more solid institutional foundations.<sup>105</sup> Chile’s more established state and, perhaps most significantly, its military victories, gave its citizens much more a sense of nation and identity<sup>106</sup>. But even in these cases, the collapse of the Liberal model occurred at the same time as in the others.

We can perhaps best observe the interaction of state capacity and inequality when we look at educational enrollment figures<sup>107</sup>. With the exception of the proto-

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<sup>103</sup> *LARR*, p. 141.

<sup>104</sup> Haber...

<sup>105</sup> “Brazil and Mexico Compared”, in Love and Jacobsen, p. 139. But, Brazil still suffered from the same conditions as in the rest of the continent if in a more attenuated form. See, Wenderley Guilherme dos Santos, “Liberalism in Brazil”, in Blachman and Hellman, eds., *Terms of Conflict*,

<sup>106</sup> See Collier and Sater...

<sup>107</sup> All figures are percentage of target population (6-14) enrolled in schools. The data for LA are from Javier Nuñez, “Signed with an X: Methodology and Data Sources for Analyzing the Evolution of Literacy in Latin America and the Caribbean 1900-1950” *Latin American Research Review* v.40 #2 , 2005, pp.117-135. Nuñez uses data from B.R. Mitchell’s *International Historical Statistics: Americas*. I used the same series (for Europe and Asia) for the Japan, Philippines and Spain figures. Other European come from Peter Flora, *State Economy, and Society in Western Europe 1815-1875.*, Chicago: St . James Press, 1983. Figure from U.S. comes from *Historical Statistics of the United States*. For a wonderful

welfare states of Argentina and Uruguay, no Latin American country was able to reach more than a fourth of the relevant population and not only provide basic skills, but also indoctrinate them in a national ethos. Note that Spain and the Philippines (almost 40 years later) also share this characteristic. To place this in comparative perspective note that most European countries (even still colonial Ireland) were able to do much better<sup>108</sup>. While some of the difference obviously has to do with the relative wealth of the societies, note that the income gap between many of those countries was not as high in 1900 as a century later, and that in 1900 some of the European countries such as Scandinavia and Switzerland were still relatively poor.

Whatever the cause, the critical issue is that few in the Iberian states had access to an essential service. The consequences included not just a perpetuation of deep social divides, but also a population distant from the efforts to create the “imagined community” of the nation. The consequences of this for Liberalism were stark.

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comparative analysis of the construction of a public school system see comparative Hillel Soifer, “Authority Over Distance: The Origins and Persistence of Variation in State Power in Latin America” (unpublished manuscript, Princeton University)

<sup>108</sup> The Italian figure has to be seen in light of the division of that country between North and South. The former probably enjoyed similar levels as the rest of Europe, the South no doubt looked like Latin America. The Finnish figure reflects the period of Russian Imperial rule.

<b>Country</b>	<b>Enrollment ca. 1900</b>
Argentina	30.6
Bolivia	8.2
Brazil	10.6
Chile	20.7
Colombia	15.2
Ecuador	21.9
Mexico	20.7
Paraguay	22.2
Peru	13.5
Uruguay	32.1
Venezuela	15.9
Philippines (1939)	28.0
Spain (1908)	35.3
Austria	66.5
Belgium	59.3
Finland (1910)	26.3
France	86.0
Germany	72.6
Ireland	81.0
Italy	38.2
Netherlands	66.0
Norway	66.9
Sweden	68.8
Switzerland	72.0
England and Wales	74.0
Scotland	78.2
Japan	52.9
United States	51.0

## **Conclusions**

The analysis of the cases cited above would indicate that the conjunction of Liberal doctrine with the reality of the Iberian world was a disaster. The Iberian world was not socially or economically ready for the onset of Liberal rule. This was not because of some cultural predisposition towards authoritarianism and against commercial activity, but simply because the institutions on which Liberalism depended for stability were absent. There is always the problem of the non-existent counterfactual (i.e. even without Liberalism, the disaster would have come). In this regard we need much more systemic comparative work on the Chilean exception as well as on the differing regional outcomes in Brazil.

The critical contradiction for the Liberals was their combination of naiveté regarding social realities (and their unwillingness to face the consequences of this) and their reluctance to use power to transform a society. Both Conservatives on the right and Jacobinist radicals on the left saw the contradictions of the Liberal model, but both failed to remain in power. The Liberals were trapped by their own policies. Their commitment to open markets created shallow economies. Their faith in Federalism and fear of the state frustrated effective control. Their rhetoric of liberty and equality merely infuriated those who lived the realities of exclusion. The combination of fear of change and fear of the state produced the conditions that would lead to the collapse of Liberalism by the 1930s.

More generally, the experience of the Iberian Liberals suggests the importance of understanding the links between legacies and policies. In this case, democracy and development were both stymied by the absence of adequate nations and states. Sadly, contemporary policies and consequences in many of these countries look disturbingly like their predecessors. There is, first of all, the continued reliance on primary exports and the underdevelopment of internal markets. There is the deplorable state of basic infrastructure even in countries as wealthy as Mexico. The sale of state assets have not created a wealthier society, but enriched a few. The promises of democracy have led to frustration. The exceptions seem to be the same as in the 19<sup>th</sup> Century. Future work on this project will seek to explore differentiation within the patterns of Iberian Liberalism in order to better understand how it functioned and how it failed. One lesson seems to be clear: without states or nations, the promise of liberty and security failed.

One cannot but help compare the Iberian experience with that of recent US efforts in Iraq. The combination of social divisions and fragile (or non-existent) authority doomed the utopian dreams of the Bush administration<sup>109</sup>. Liberalism may have won an ideological battle, but its successful implantation still requires much more than an ideological wish-upon-a-star.

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<sup>109</sup> And yet, there is also a possible argument to be made for such external intervention. Certainly the Federal government's willingness to impose new racial policies helped transform the American South. In the Spanish and Portuguese transitions, the role of Europe and, after 1986, European funds, cannot be discounted.