

Latecomer State Formation

—0
—+1

Latecomer State Formation

*Political Geography
and Capacity Failure in
Latin America*

Sebastián Mazzuca

Yale
UNIVERSITY PRESS
New Haven & London

—0
—+1

Contents

Acknowledgments vii

Tables, Figures, and Maps xi

INTRODUCTION 1

PART I

**State Formation Against State Building:
Latin America and Western Europe Compared 21**

ONE

A Theory of Latecomer State Formation 25

TWO

Independence and State Failure, 1808–45 48

THREE

The Triumph of Trade-Led State Formation, 1845–75 79

PART II

**Ports, Parties, and Lords:
Pathways to the Political Geography of Latin America 101**

FOUR

A Politician-Centered Approach to State Formation 105

FIVE

Before Argentina: Four Failed States 141

SIX

Port-Driven State Formation in Argentina 185

—0
—+1

S E V E N

Port-Driven State Formation in Brazil 228

E I G H T

Party-Driven State Formation in Mexico 270

N I N E

Party-Driven State Formation in Comparative Perspective:
Colombia and Uruguay 307

T E N

Lord-Driven State Formation:
Central America, Venezuela, and Peru 350

C O N C L U S I O N 387

Notes 407*Index* 423

Acknowledgments

GERARDO MUNCK AND Ruth Berins Collier helped so much with this book that it would not exist without them. Gerardo read all versions of all chapters. His feedback could easily fill two book-length manuscripts. Yet quality trumped quantity. Each of Gerardo's suggestions was an unambiguous improvement. Gerardo is a true scientist. I hope I have imported into this book some visible outcomes of his constant search for theoretical sophistication, empirical proof, and presentational clarity. Ruth is the gold standard of writing mentors. If I could give my students a fraction of the creative support she has given me, then I would feel accomplished. Ruth is a genuine intellectual. Her brain is a prodigious radar for good ideas. Dozens of times she forced me to pursue insights and rearticulate points that I thought were dead ends. Dozens of times she was right. I found intellectual gold at the end of the road she suggested. Gerardo and Ruth share an endless generosity. The support of both of them was in itself a life lesson. Infinite gratitude is not reserved only for loving parents.

David Collier is on many dimensions the person who most contributed to my scholarship. His encouragement as a mentor is uniquely powerful. Countless times David made me feel that my research and career mattered more to him than his own.

Robert Powell's superior intelligence was directly or indirectly the guardian of all properly microfounded arguments the book has to offer. James Robinson's voracity for understanding politics in unfamiliar places has been an inspiration throughout my graduate school. A curiosity: in the process of helping me, Jim became a better expert on state formation in Latin America than I could ever be. Hillel Soifer is too young to do what he does: he produces creative, serious, and ultrahelpful feedback only. Three colleagues at Johns Hopkins, Nicolas Jabko, Steven Teles, and Adam Sheingate, provided outstanding feedback in a special workshop and superlative advice on almost every issue related to the production of this book. With Ernesto dal Bó, I share an obsession to understand Argentina's economic

and political development. Ernesto's support and feedback were as generous as they were smart.

I will never forget my long years of interaction with Guillermo O'Donnell and Tulio Halperín Donghi. Throughout my education in Buenos Aires, Guillermo was the sun in my solar system. I recall vividly the moment I made the decision to study state formation in Latin America. It was when I first read about "brown areas," one of Guillermo's many conceptual innovations that instantly became a classic idea. Meetings with Tulio at the coffee shop at the corner of Center and Oxford in Berkeley were an intellectual feast. A single sentence by Tulio was a thousand lessons in history. I owe him the ability to see nineteenth-century politics in Latin America not as a "foreign language"—as it seemed to me until my late twenties—but as a familiar, inviting, and extremely rewarding place to visit. There is nothing I would have liked more than to give Guillermo and Tulio a copy.

Three colleagues in my department, Steven David, Daniel Deudney, and Robert Lieberman, helped me see bigger questions when I was convinced I had already asked the biggest ones. I find special value in the way they shared their talent with me. They had no reason to do it, other than helping out a junior colleague and a feeling of genuine curiosity about processes beyond their geographic comfort zone.

George Akerlof, Manuel Alcántara Sáez, Robert Bates, Alan Clutterbuck, Jorge Domínguez, Kent Eaton, Tulia Faletti, Robert Fishman, Jordan Gans-Morse, Lucas González, Antonio Hermosa Andújar, Robert Kaufman, Marco Larizza, Steven Levitsky, Juan Pablo Luna, Scott Mainwaring, Andrés Malamud, Christopher Muller, Harris Mylonas, Gabriel Paquette, Aníbal Pérez-Liñán, Eduardo Posada-Carbó, Gérard Roland, María Paula Saffon Sanín, Julio Saguir, Richard Snyder, and Rodrigo Zarazaga gave surgical feedback on critical parts of the manuscript.

The two anonymous reviewers of Yale University Press substantially improved the quality of the book.

The Political Science Department at Hopkins recruits amazing graduate students. Six of them commented on large portions of the book with unique sharpness and originality: Julieta Casas, Nandini Dey, José Luis Rodríguez, Lynsy Smithson-Stanley, Maximiliano Véjares, and Raied Haj Yahya. Lynsy additionally helped to make my written English less nonnative.

Jessie Spruill, who helped me draw the maps in ArcGIS, is a phenomenal asset and a pleasure to work with. Oliver Goodman has been an excellent research assistant.

I thank the good friends I have made since I came to Baltimore for fully supporting my vocation despite not being fully clear what it was about: Charlie and Ruth Cronheim, Anthony Corradetti, Charles and Maureen Platt, Graeme and Leigh Woodworth, Angelo Leto Barone, and Sarah Crowley.

My father, *el flaco Tito*, has been a hero since the day I was born. Medical doctor by profession but intellectual by genetics, he never stopped believing in the value of the book. His consistent enthusiasm was a lovely remedy for my moments of skepticism. Unconditional support from the Mazzuca-Cataldo-Taylor family has been like oxygen for decades—taken for granted yet vital.

This book is dedicated to two women who share a name: M. Magali, the memory and the future.

Tables, Figures, and Maps

Table 1.1.	Geopolitical and International Economic Environments of State Formation 42
Table 1.2.	Models of State Formation: The Five Theoretical Components 44
Table 2.1.	Periods of State Formation in Latin America 51
Table 2.2.	Independence: International Conditions, Intervening Local Variables, and Outcome 55
Table 2.3.	Success Rate and Types of State Formation during Independence 64
Table 2.4.	State Failure: International Conditions, Intervening Local Variables, and Outcome 67
Table 3.1.	State Formation: International Conditions, Intervening Local Variables, and Outcome 83
Table 4.1.	Pathways, Propensities, and Outcomes of State Formation 109
Table 4.2.	Structural Accounts of Territorial Combinations 110
Table 4.3.	A Typology of Economic Regions 112
Table 4.4.	Structural Explanations Compared: Empirical Successes and Failures 121
Table 4.5.	A Typology of State-Formation Agents 125
Table 4.6.	Formula of Territorial Governance: Separation and Three Types Compared 136
Table 5.1.	Four Failed States: Territorial Formulas, Number of States, Causes of Failure, and Legacies 182
Table 6.1.	Actors, Preferences, Resources, and Constraints 202
Table 7.1.	Major Rebellions during State Formation 238
Figure 1.1.	Clarifying and disaggregating “state development” 28
Figure 4.1.	A taxonomy of warlords 118
Figure 11.1.	Polity formation in western Europe and Latin America 398

Map 5.1.	[Argentina] Ministates before unification, 1830–50	142
Map 5.2.	[Argentina] Duopoly of violence, 1852–61	144
Map 5.3.	[Argentina/Uruguay] Liga de los Pueblos Libres, 1815–20	148
Map 7.1.	Brazilian failed secessions, 1822–45	237
Map 8.1.	Mexico in 1822	275
Map 8.2.	Mexican failed secessions, 1824–38	276
Map 9.1.	Gran Colombia, 1819–31	311
Map 10.1.	Central American Confederation, 1823–41	354
Map 10.2.	[Central America] Los Altos, 1838–40	357
Map 10.3.	Peru-Bolivian Confederation, 1837–39	378

Introduction

THE WAVE OF DEMOCRATIZATION that swept across Latin America from the early 1980s to the late 1990s contains a most valuable, if bitter, lesson in political development. Authoritarianism was not the only political evil in the region. *State weakness* was an equally corrosive, although less visible, problem. Most dictatorships are gone, but incapable states persist. State weakness is the single most important source of Latin America's chronic problems, including social inequality, economic stagnation, and poor governance.

Systematic research on state capacities in Latin America began only after the democratization process. Yet weak states predate contemporary democracies in the region by at least a full century. Democracy obviously did not cause state weakness. On the contrary, chronic state weakness caused young democracies to underperform. Most scholarship on Latin America's contemporary, low-capacity democracies looks for causes among recent phenomena, including the form of regime transition, party system dynamics, neoliberal reform, international commodity prices, and policy turns. Research should be purged of this presentist bias and focus instead on the long-term historical sources.

Weakness is a "birth defect" of Latin American states. The process of *state formation* is a true critical juncture in that it creates durable legacies for the development of state capacities. The pioneering modern states of western Europe were created strong, and the formation process endowed them with propensities to upgrade their own capacity. In Latin America, states were born weak, and the formation process in the nineteenth century created tough impediments to building capacity in the twentieth century.

The Latin American state historically has been marked by a distinct combination of territorial stability and capacity failure. Throughout the twentieth century, the risk of territorial losses in Latin America, through either foreign invasion or local secession, was extremely low. Substantial

territorial changes have been much more frequent in both western Europe, the region that “invented” modern state capacities, and Tropical Africa, a region of virtual statelessness. Yet resources freed by the absence of territorial threats—the Latin American geopolitical bonus—were not used to build state capacity. Low capacity has resulted in persistent underprovision of public goods.

Latin America succeeded at *state formation*, but it failed at *state building*. This is not an oxymoron. On the contrary. Between 1850 and 1875, most Latin American countries completed state formation, including the twin achievements of territory consolidation and violence monopolization. Yet, in contrast to the cases of western Europe, state formation in Latin America was not a precursor of state building, a process Max Weber characterized as the transition from patrimonial rule to bureaucratic administration. Weberian bureaucratization involves a gradual but steady growth in the quantity, quality, and efficiency of goods and services supplied by the government across the state’s territory. Why has so much success at state formation in Latin America—unmatched even by the pioneer European cases—produced such meager results in capacity building?

In early modern western Europe, state formation had multiple linkages to state building. Violence monopolization required great efforts at fiscal extraction, which in turn caused the abolition of the intermediary power of local potentates and incited social demands for new public goods. In Latin America, the obstacles to the development of state capacities were the result of mutually convenient bargains struck by central state-makers and peripheral potentates, who, far from being eliminated during state formation, obtained institutional power to reinforce local bastions.

Alexander Gerschenkron showed that multiple paths to a modern economy exist and that paths are highly consequential for political outcomes. Latecomer industrial economies cannot replicate the trajectory of the industrial pioneers because by the time latecomers initiate the process of development, the world is already populated by industrial economies. Pioneer economies offer opportunities for imitation and create barriers against competition.¹ In the same way, multiple paths to the modern state exist, and each path has massive repercussions for long-term institutional capacity. *Latecomer state formation* cannot replicate pioneer state formation because, at

the onset of latecomer state formation, the pioneers have already created a geopolitical and economic order that was absent in the original international context of state formation.

State weakness is not the only legacy of latecomer state formation in Latin America. The other is the emergence of a cluster of countries showing phenomenal variation in the number and diversity of subnational regions amalgamated, which is highly correlated with variation in size. The territory of most western European countries ranges from one-quarter to one-half million square kilometers, and the very process of state formation standardized political institutions across the subnational units of each country. By contrast, Latin American countries range from colossuses like Brazil to microstates like El Salvador. Only two countries in Latin America, Paraguay and Ecuador, fit the European range. Brazil can accommodate two western Europes and combines a substantial number of modern city-ports, several areas endowed with fertile land or valuable mineral resources, and an important number of large backward peripheries. Argentina is the size of five Frances, the largest country in western Europe. On the other hand, El Salvador and seven other Latin American countries fall below the European range. Most of them are based on a single economic region, whose comparative advantage is specialization producing a single commodity.

Both legacies are related. Competitive military pressures made the Westphalian war-maker the leading agent of state formation in western Europe. They also forced states to converge on capacity building, territorial extension, and internal political standardization. In Latin America, the absence of military threats enabled the emergence of a variety of state-formation agents: a *port*, a *party*, or a *lord* led the process. It also allowed agents to form states without Weberian attributes, gave them room to combine and exclude regions on the basis of coalitional calculations rather than geopolitical imperatives, and exempted them from the effort of exerting uniform control throughout the territory.

This book is about comparative state formation. Building on the idea that the timing of state formation in world history is crucial, it develops a theory that is general enough to explain cases of state formation with and without state building—the main contrast between western Europe and Latin America. With a simple extension, based on the type of agent leading the

state-formation process, the theory also accounts for variations in territorial composition (and size) of countries, a major source of contrasts within Latin America.

The remainder of the introduction is organized in three sections. The first section lays the groundwork for the study of comparative state formation. It highlights the difference between state formation and smaller-scale political processes, including changes at the level of policy, government, and regime. It provides an overview of the theory of state formation that is able to account for the rise of states with different degrees of capacity (the analytical core of Part 1 of the book). The focus is on the international economic and geopolitical environment and the common response by Latin American state-makers. International conditions shape two opposite macrohistorical paths of state formation: *war-led* versus *trade-led*. The second section introduces the theoretical components required for the comparative analysis of state formation within Latin America (Part 2 of the book). The focus turns to local political agents to delineate variants within the general trade-led path and thereby accounts for major divergences in territorial composition and timing of state formation. The third section previews the empirical studies of each of the two parts of the book and emphasizes the interaction between careful historical reconstruction and effective political analysis.

State Formation and Capacity: Latin America versus Western Europe

State Formation, Extraordinary Politics, and Ordinary Motivations

State formation is a fundamentally *political* process. Yet it involves an *extraordinary* form of politics. State formation differs sharply from politics in ordinary times. Political change in ordinary times occurs at the level of policy, of government, or, less frequently, of the political regime (e.g., the rise or fall of a democracy). Changes at all three levels are usually the outcome of a transformation in the composition of the dominant political and social coalition. Even in the case of a regime change—the most fundamental of the three levels—coalition formation and transformation occur within well-defined territorial boundaries and do not challenge the monopoly of violence.

State formation is extraordinary politics in that it defines the *territorial space* enclosing the social and political actors available for subsequent coalition formation in ordinary times. Once the territory of a state is consolidated, coalitions with actors from excluded regions are no longer possible. State formation is also extraordinary politics in that it creates a *monopoly of coercion*. Once coercion is monopolized, the entire range of political strategies relying on violence is physically eliminated. If a political group struggling for a change of policy, government, or regime is willing and able to challenge the monopoly of violence, then ordinary politics becomes extraordinary politics. Under such circumstances, what initially is a policy, a government, or a regime crisis mutates into a much more serious state crisis.

The facts of state formation in western Europe, as stylized by authors working in the Weberian tradition, support a strong division between the politics of state formation and the politics of ordinary times. Warriors, not politicians, led the state-formation effort. They constantly sought to maximize the territory under their control. The main constraint to maximization was the capacity of the neighboring ruler, who was also a warrior. European warriors were too busy preventing invasions or attempting annexations to stop and consider the coalitional implications of incorporating or excluding an additional piece of land.

In Latin America, the distinction between the extraordinary politics of state formation and the ordinary politics of policy, government, and regime transformation remains crucial. Yet state formation in Latin America cannot be understood without considering the ordinary political motivation of coalition formation. Exempted from the geopolitical pressures faced by the western European pioneers, Latin American state-makers made decisions to incorporate or exclude future subnational units on the basis of the expected coalitional consequences of different combinations of regions. Latin American state-makers were willing to incorporate regions that translated into a net coalitional benefit and excluded those regions that were expected to cause a coalitional loss. Latin American state-makers did engage in extraordinary politics, but they did so in pursuit of eminently ordinary goals.

In sum, in Latin American state formation, the demarcation of the “national” territory was a function of expected coalitional outcomes and not vice versa. In contrast to state formation in western Europe, whose leaders maximized the international security of their territories even at the cost of

coalitional losses in the national arena, Latin American state-makers, unburdened from international threats, could focus squarely on the coalitional consequences of their territorial decisions. Also, in contrast to ordinary politics everywhere, in which protagonists maneuver to extract as much coalitional support as possible from a *fixed* territorial space, state-formation politics in Latin America allowed its leaders to *adapt* the size of the national political arena so as to engineer the optimal coalition of support. In Latin American state formation, the departure from state formation in western Europe and normal politics everywhere could not be more radical.

State Formation with or without State Capacity

The distinction between state formation and state building is crucial to differentiate outcomes across western Europe and Latin America. If state formation is defined as the process by which a territory is consolidated and the means of coercion within it monopolized, then it becomes conceivable that state formation occurs with or without state building. State building refers to the development of capacity by the central administration to provide public goods in an increasingly efficient and territorially even fashion. The distinction also enables theorizing about the relation between state formation and state building. Depending on the path of state formation, the impact on state building can be positive, neutral, or negative.

Prior research has taken state formation and state building as synonymous, or it has made the assumption that state formation has only positive effects on state building. Yet the best summary of Latin America's long-term political development is "state formation *against* state building." By the time state formation was completed, Latin American states were endowed with strong antibodies against capacity building.

State formation can follow two polar paths: war-led versus trade-led state formation. Both processes are set in motion by a distinct constellation of economic and geopolitical features in the international context. Crucially, only the war-led process has the potential to foster state building, and only the trade-led process carries the risk that the new state will undermine capacity building. In the war-led process, geopolitical pressures are the key in-

put in the decision-making process of would-be state-makers. Their main goal is preparation for war. Political survival depends on the accumulation of resources—land, weapons, taxes, and soldiers—that contribute to the defense and expansion of the emerging state's territory. In the trade-led process, opportunities from international commerce are the key input for state-makers. The main goal is to create a positive business climate for expanding the export sector. Political survival depends on success at generating export-led growth, which in turn unlocks vital flows of fiscal revenue through tariffs on international trade.

The war-led and trade-led processes induce opposite strategies for dealing with patrimonial rulers dominating the peripheries. In the war-led process, the key is to eliminate patrimonialism, which would otherwise compete with central rulers for the control of land, men, and local resources. Central state-makers and peripheral potentates are mortal enemies. In the trade-led process, the elimination of patrimonialism is strictly counterproductive for state formation, at least in the short run. Waging a battle against peripheral notables torpedoes the plan of export-led growth by pulverizing the business climate required for investment and production. The key is to appease peripheral patrimonial rulers through promises of future shares in the expansion of the economy. State-makers in the center and patrimonial rulers in the peripheries become partners. In the war-led process of state formation, the center-periphery relation is a zero-sum game, but it can be a positive-sum negotiation in the trade-led process.

The key technical task of state-makers in the trade-led process of state formation is to supply the key legal and physical infrastructure required to create a dynamic export sector: property rights and a transportation system. In turn, the two technical prerequisites demand a *political* effort: pacification. Pacification is crucial to secure a safe business environment for large merchants and producers in the export sector—primarily landlords and mine owners—and to attract foreign investments in the infrastructure sector.

In nineteenth-century Latin America, a modicum of pacification contained the promise of huge political success for the political elite who was able to achieve it. Pacification would incentivize exports, which in turn would provide hard currency for imports of mass-consumption goods, mostly industrial textiles. Import duties would finally secure a stable stream of

government revenues. Enhanced export revenues would fuel the virtuous cycle of trade-led state formation. Revenues would be used to expand the provision of property rights and public transportation and to reinforce pacification, the political prerequisite of the legal and technological projects. Patrimonial rulers in the periphery were potential state-breakers. But they could be bought off with subsidies. The support of patrimonial rulers consolidated pacification. Landlords and mine owners in the export sector benefited from the expansion of infrastructure, including more and better roads to the coast, upgraded port facilities (from larger warehouses to safer harbors), and, starting around 1850, railways and steam navigation of internal rivers. The support of large merchants, landlords, and mine owners enhanced the fiscal prospects of the government, which depended on foreign trade to finance itself. The lion's share of the revenues was contributed by poor or middle-class members of society, who were the largest consumers of European and U.S. imports.

If western European leaders of the state-formation process were war-makers, their Latin American counterparts can be considered *market-makers*, a historically novel type of state-maker. Their political survival was inextricably tied to the provision of the legal and physical infrastructure required for export-led growth. In contrast to the western European war-makers, the Latin American market-makers neither needed nor wanted a transformation of the patrimonial bastions surrounding the capital, the port, and the export sector. They did not need peripheral transformation because fiscal resources were much more abundant and easier to obtain through import duties, the cost of which was shouldered by a large, disorganized public. The cost was substantial, but, diluted among tens of thousands of consumers, it did not risk retaliatory collective action. Also, the Latin American market-makers did not want to transform the periphery because challenging its patrimonial rulers would require long years of civil war and delay indefinitely the process of trade-led state formation. Patrimonial rulers in the periphery were much more fearsome rivals than the disorganized public. Consumers paid not only for the infrastructure required by the export sector but also for the "peace tax" demanded by patrimonial bastions to remain quiet. The survival, and in some cases revitalization, of patrimonial potentates after the process of state formation was completed has been the chief impediment to state building in Latin America.

Territorial Combination and Timing of Violence Monopolization: Variations within Latin America

The trade-led path of state formation allows for variations in the territorial composition of countries and in the timing of violence monopolization that are inconceivable in the war-led path. Latin America combines territorial colossuses and microstates. In some countries, like Brazil, Chile, and Venezuela, territory consolidation and violence monopolization were achieved at the same time. In others, like Mexico, Colombia, and Uruguay, a gap of decades separated territory consolidation from violence monopolization.

Both the size of the territory and the timing of violence monopolization are important outcomes. Low capacity in the three colossuses, Argentina, Brazil, and Mexico, can be traced to two factors: a chronic lack of fiscal and human resources to broadcast central power throughout the territory and the enduring legacy of negotiations in the state-formation period between central rulers and peripheral oligarchies. State-formation deals allowed peripheral rulers to secure bastions of patrimonial domination, or what Guillermo O'Donnell, referring to more recent phenomena, has called "brown areas."² Large physical size is a sufficient condition for weak states in Latin America. A large territory in postcolonial Latin America could only be consolidated through durable patrimonial deals. In contrast, as the cases of Nicaragua, Ecuador, and Paraguay show, small size is not a sufficient condition for capacity. Small size, however, has been a necessary condition for state capacity. Chile, Uruguay, and Costa Rica are the only exceptions to the generalized pattern of capacity weakness. In the period of state formation, a relatively dynamic economic center had virtually no peripheral areas to incorporate. Hence, state-makers in all three countries were able to dispense with concessions to the patrimonial oligarchies that usually dominated peripheries.

A most instructive comparison can be drawn between Uruguay and a counterfactual independent state of Buenos Aires—which was only a few political contingencies away from becoming a permanent reality. Over the course of the nineteenth century, Buenos Aires's economy was much stronger than that of Uruguay. Starting in the mid-1830s, the capacity of the state of Buenos Aires to provide public goods approached that of the countries in the North Atlantic. In the 1850s, Buenos Aires also made the full transition

—0
—+1

from patrimonial rule to competitive oligarchic politics. Economic prosperity, fiscal strength, and political competition are conventional precursors of state capacity in small states. Armed with all three, Buenos Aires could have created the most capable state in Latin America. In fact, it was an independent state from 1852 to 1861. In the early 1860s, however, Buenos Aires merged with a large periphery subdivided into an array of political bastions dominated by patrimonial lords. Argentina is the territorial outcome of the merger. In Argentina, patrimonial rule in the peripheries not only survived but also propagated, via power-sharing arrangements, through the entire political arena. As a result, the central state became a large-scale patronage machine. Uruguay, currently a high-quality democracy, shows Buenos Aires the kind of state it could have become if in the 1860s it had not unified with the Andean ministates in the West and North of present-day Argentina.

The timing of violence monopolization in relation to territory consolidation can make or break a country's economy. Mexico, Colombia, and Uruguay consolidated their territories three, four, and five decades before they monopolized violence. Colombia and Uruguay experienced an intermediate outcome: pacification through a truce between two partisan armies that had established a 'duopoly of violence.' Before violence monopolization or truce negotiation, civil war was a permanent condition in all three countries. Civil war, in turn, seriously discouraged investments, foreign or domestic, and caused massive destruction of human resources and economic assets, from roads and mines to livestock and farms. By the time the three countries achieved pacification, they had lost, on average, four decades of economic development to civil wars. The loss was particularly acute given the favorable conditions for primary commodity exports in 1850–75. A comparison between Colombia and Brazil provides extraordinary insight. Colombia is endowed with the agronomic resources to produce top-quality coffee, superior even to the coffee grown in the Brazilian Southeast. Yet, by the late 1830s, Brazil became the undisputed world leader of coffee production. Brazilian coffee created extraordinary fortunes in Rio de Janeiro and São Paulo. The hegemony of Brazil's coffee in world markets extended well into the twentieth century. The torrential flows of income could have easily been earned by the coffee farmers of central Colombia. It did not happen because civil wars paralyzed Colombia's economy during the entirety of the first boom in coffee consumption in Continental Europe and the United States.

Brazil fully benefited from the opportunity that civil conflict forced Colombia to miss. Tellingly, the so-called Coffee Republic in Colombia was inaugurated in 1903, a year after Colombia's last major civil war, which persuaded both parties to create power-sharing institutions that would dissuade the opposition from military insurrection.

To account for variations in territory consolidation and timing of violence monopolization, three analytical tools are required. They essentially extend the theory in Part 1 by adding political agency.

From Market-Makers to Polity-Makers

To understand variations in size and timing, the perspective on Latin American state-makers needs to be expanded. They should no longer be seen as only market-makers defending the interests of large merchants and export producers. They also have to be regarded as *polity-makers* centrally interested in advancing their own professional careers. Even after meeting the demands of the economic elites for the physical requirements of trade-led state formation, state-makers have substantial room to maneuver on issues that do not affect profit-making but have a direct impact on power maximization.

As polity-makers, leaders of the state-formation process switch focus from technical decisions (the supply of property rights and transportation infrastructure) to strictly political choices about which regions to include in the territory of the nascent state and which to exclude from it. Latin American state-makers faced highly consequential decisions about territory consolidation. They sought to produce the combination of regions that best served their goal: remaining at the pinnacle of power for as long as possible. Differences in size of Latin American states are rooted in contrasting choices about the optimal combination of regions.

Formula of Territorial Governance

Dominant theoretical visions about the sequence of state formation and regime change explicitly claim that states are created *first* and rules are put in place *subsequently* to limit, divide, or gain access to the power of the state. In the dominant view, rules—like parliamentary supremacy, elections, proportional representation, and federalism—are political institutions created

—0
—+1

after the process of state formation is completed. A general theory of state formation cannot depend on the “state first” assumption. It must be able to explain the fact that states and lower-level political institutions may be *joint* creations.

The “state first” assumption is simply incompatible with the notion that regions considering whether to join the territory of an emerging state are strategic, forward-looking actors. When regions are the main players in the process of state formation, the key institution is the formula of territorial governance, which can be confederal, federal, or unitarian. When deciding whether to join a state, regions condition entry on their expected position within the institutional hierarchy created by the formula of territorial governance. A region that rejects joining a territory whose leaders embrace a unitarian formula may very well agree to join the same territory if state-making leaders switch to federal (or confederal) institutions of territorial governance, thus granting home rule to the undecided region. The type of formula is then a necessary condition for a set of regions to combine in a single country. The formula is an instrument of territory consolidation.

The leaders of the state-formation process, in their role as polity-makers, see the range of formulas of territorial governance as the menu of options they can offer to the regions they are interested in incorporating into the emerging territory. What offer the state-making center is willing to make and what offer the surrounding regions are willing to accept depend on differentials of economic and military power. No state is born without at least an implicit formula of territorial governance. To the extent that a specific formula of territorial governance can turn a “state-breaking” region into a “state-taking” one, it can be viewed as a proximate cause of state formation, thus reversing the state-first sequence of the dominant vision. The formula of territorial governance is the only variable under full control of the state-making elite. If the elite wants to extend political power beyond its local territory, the formula is its main bargaining chip.

*Agents of State Formation:
Pathways and Outcomes*

Politicians, not warriors, led the processes of state formation in Latin America. Politicians were of three kinds: *port*, *party*, and *lord*. The port is obvi-

ously a location, not an actor, but the term is used as a shorthand for a political entrepreneur in close alliance with the commercial interests of an important city-port, like Rio de Janeiro, Buenos Aires, or Valparaíso. The party, in contrast to the port and the lord, is a collective actor. Moreover, the agent of state formation is not a single party; rather, it is the dynamics of competition between two or more parties that sets in motion the process of state formation. Finally, the lord is what in Latin America is known as the *caudillo*, a large landowner at the top of an informal hierarchy of clients that includes smaller landowners and a vast following of rural workers who, in exchange for employment and protection, supply labor in times of peace and become soldiers in times of war. In Part 2, a typology systematizes similarities and contrasts among state-formation agents, including the canonical warrior of western Europe.

Each type of agent defines a distinct pathway of trade-led state formation. The pathways are the main source of differentiation in the number and diversity of regions that form each country (and, thereby, its size) and in the timing of violence monopolization. In the port-driven pathway of state formation, the political entrepreneur shows a propensity to *territorial expansion*, that is, the combination of a dynamic economic center and a number of backward peripheries. The entrepreneur profits from incorporating peripheries that yield coalitional dividends. In incorporating peripheries, the entrepreneur hurts the material prosperity of the port—his original political base—because the peripheries demand a share of the port’s wealth. The political entrepreneur persuades the port that economic transfers will appease the peripheries, which if excluded from the emerging state will become a permanent threat of predatory invasion. The lord-driven pathway and the party-driven pathway can usefully be seen as each involving a distinct pair of commonalities and differences in relation to the benchmark. The party-driven pathway shares with the port-driven pathway the expansionary coalitional propensity by which parties are willing to incorporate surrounding regions in order to enlarge the support basis. By contrast, the lord-driven pathway shows a *reductionist propensity* because the lord fears that an expansion of the political arena will undermine the patrimonial hierarchy that forms the basis of his power. Yet the lord-driven and the port-driven pathways have in common the advantage of supremacy: precisely because the lord and the entrepreneur choose the territorial combination that

—0
—+1

maximizes their power, they rule undisputed in the emerging state. They achieve territory consolidation and violence monopolization at the same time. By contrast, in the party-driven pathway, political supremacy is disputed between two parties that manifestly cannot defeat each other, either in electoral contests or in armed conflict. In the party-driven pathway, a temporal gap separates territory consolidation from violence monopolization.

The port-driven pathway, followed by Argentina and Brazil, produces territorial colossuses that achieve territory consolidation and violence monopolization simultaneously. The party-driven pathway has the potential to create states with large territories combining multiple economic regions, like Mexico and Colombia, but a temporal gap between territory consolidation and violence monopolization causes protracted civil conflict. The lord-driven pathway in Latin America shows some superficial similarities to the warrior-driven path that dominated the experience of early modern Europe. Yet, precisely because it is a specific version of the general trade-led path, lord-driven state formation departs from the warrior-driven state formation in two crucial respects. First, Latin American lords, in contrast to European warriors, are not territory maximizers. They engage in bastion formation rather than in large-scale territorial projects. They are state-breakers in relation to large-scale territorial projects, for instance, Antonio Páez in relation to Bolívar's Gran Colombia (Colombia, Panama, Ecuador, and Venezuela), Rafael Carrera in relation to the Central American Federation, and Ramón Castilla in relation to the Peru-Bolivian Confederation. They are state-makers of smaller states—Venezuela, Guatemala, and Peru—the territory of which is coterminous with the spatial extension of their clientelistic network. Second, Latin American lords, once in power, prioritize commercial opportunities over geopolitical ambitions; they quickly turn from warriors into merchants.

Methods, Cases, and Sources

The persistence of Latin America's modern political geography for almost two centuries is a remarkable phenomenon by the standards of the pioneer cases of state formation in western Europe, which still experienced major border changes in the wake of the two world wars and the Cold War. It is also an extraordinary outcome within Latin America itself. The durability

of Latin American national territories since the mid-nineteenth century stands in sharp contrast with the instability of almost everything else, including major changes in political regime and drastic reversals in macroeconomic and social policies during the second half of the twentieth century.

The stability of Latin America's states is most impressive when seen from the perspective of the generalized collapse of state structures in the first half of the nineteenth century, during the periods of Independence (1810–25) and Failure (1825–45), as characterized in Chapter 2. This turning point in the middle of the nineteenth century requires special methodological attention.

No political outcome is ever preordained. Yet, in the formation of Latin American countries, the chain of steps through which small regions combined into national political arenas or made a bid for secession was a particularly open-ended process. History textbooks in every primary and secondary school of Latin America repeat a timeline in which the onset of independence and the birth of the country occur at the same time and through the same process. Until recently, scholarly research has made a similar mistake. Professional historians have admitted the existence of a major temporal gap between political independence and country formation. Yet traditional historiography has largely taken for granted the existence of a unique path linking the declaration of independence and the creation of what the discipline customarily calls “the nation.” Most countries around the world craft a national history, together with an anthem, a podium of founding fathers, a flag, and other patriotic symbols. The national history in all Latin American countries is a chronicle of “overconvergence”: the entire range of factors in the chronicle, from the most immutable social structures to the volatile choices of different political leaders, intertwined between 1810 and 1850 to produce Mexico, Venezuela, or Chile as the final result.

Few historians believe that social processes have inexorable outcomes. Yet many historiographic traditions have for decades pursued a biased agenda in the research of state formation. They only value findings that establish the antecedent conditions that made a positive contribution to the formation of present-day countries. The loss of theoretical and historical knowledge caused by the bias is enormous. The loss can be divided into two equally pernicious categories: unknown paths and false steps. Unknown paths include processes and events that had a positive impact on the creation of

countries that were a different combination of regions from the ones that finally consolidated but have not been recorded. False steps refer to aspects of known processes and events that made a negative contribution to the formation of a present-day country but are ignored at the expense of less important aspects that are assumed to have had a positive impact.

It is historians who warned against the dangers of the *post hoc, ergo propter hoc* fallacy. In the context of the study of large social and political transformations, the sociologist Reinhard Bendix aptly called it the bias of “retrospective determinism.”³ To avoid the fallacy, a typical reaction by contemporary historians has been to forgo notions of causality altogether. However, state formation in Latin America is full of causal processes and viable counterfactuals. Any point in history has multiple futures ahead. At the onset of the state-formation process, a range of territorial combinations is possible.

Borrowing from Charles Tilly’s characterization of late medieval western Europe, early independent Latin America is indeed a “cemetery of failed states.”⁴ Some failed states were “large” in the sense that they combined the territories of various present-day countries, like Gran Colombia, the Central American Federation (all isthmian states minus Panama), and the Peru-Bolivian Confederation. “Small” failed states, which were later absorbed by present-day countries, were much more numerous. A nonexhaustive list includes the Confederation of the Equator (northeast of present-day Brazil), the Republic of Piratini (southern Brazil), the State of Buenos Aires (the largest province of Argentina), the Republic of Tucumán (northern Argentina), Los Altos (eastern Guatemala), the State of Yucatán (southern Mexico), and the Republic of the Sierra Madre (northeastern Mexico). Finally, some failed states combined parts of different countries in today’s map, like the Liga de los Pueblos Libres (Uruguay plus the ministates of the Upper Littoral in present-day Argentina).

To avoid the fallacy of retrospective determinism without giving up the search for causal connections, the key methodological premise of the book is to take counterfactual states seriously. Understanding success at state formation is in many ways the flip side of explaining the failure of alternative state projects. The case studies in Part 2 carefully specify the variety of territorial outcomes available before present-day countries consolidated as distinct combinations of regions.

Since the 1990s, a new body of historical research has shown that independence in Latin America resulted in the explosion of *pueblos*, that is, urban and rural municipalities, cities and villages, claiming full sovereignty.⁵ The explosion of minisovereignities has been demonstrated in two contexts in which it had been deemed inconceivable, Brazil and Central America. For Brazil, a strong historiographic tradition used to emphasize the exceptional territorial continuity between the colonial state and the independent state. The Brazilian continuity, in turn, had been presented as a sharp contrast with the experience of Spanish America, which “balkanized” its four colonial viceroalties into almost twenty separate countries. However, since the work by Roderick Barman, it has become increasingly hard to deny not only that independent Brazil faced multiple and serious risks of fragmentation but also that for large intervals various Brazilian provinces were full-blown independent states.⁶ On a similar note, Central America, home to the smallest countries in the region, has long been considered a case of “atomization,” a level of fragmentation so extreme that units with the minimum viable size became sovereign entities. The work by Jordana Dym has shown that fragmentation in Central America could have gone even further. In Honduras and El Salvador, let alone the larger Guatemala and Nicaragua, interior cities engaged in long struggles for primacy, and the conflict could have resulted in further secessions and microstates.⁷

The example of Central America has a more general theoretical lesson, which also applies to the rest of Latin America, from Mexico to Argentina. Hyperfragmentation was not the only relevant counterfactual scenario for the isthmus. At the same time that small villages were claiming international sovereignty, supraregional political coalitions were attempting to unite all cities, towns, and rural villages within a single country. That was Francisco Morazán’s project of a Central American Federation, which was a tangible reality between 1823 and 1839.⁸ A “forward-looking” historical approach to the creation of present-day Argentina, Colombia, Peru, and Mexico must show that, like Central America, multiple paths of territory consolidation were possible, some resulting in absorption by a larger territorial unit and others in fragmentation into smaller states.

It is customary in social science work to justify the selection of cases. A major danger for work aspiring to make causal assessments is the lack of cases displaying sufficient variation in the outcome of interest. The selection

of cases in this book is ambitious, so the justification can be brief. It will consider all Latin American countries, including the observed outcomes, failed states, and viable counterfactuals.

No work has performed a comparative analysis of Argentina, Brazil, and Mexico, the three largest territories and biggest economies of the region. The comparison is most instructive. Yet, as we will see, key new insights can be derived from comparing less obvious pairs of cases, like Brazil and Central America, and Mexico and Uruguay.

For supporting causal claims about variations in state capacity, the cross-regional comparison between the modal western European process of state formation and the modal Latin American one occupies central stage. Claims about the sources of territory consolidation and violence monopolization in Latin America are based on a comparison across periods within the same region, namely, the failed experiments at state formation in 1810–50 and the successful cases between 1850 and 1880. Finally, the comparative analysis of factual and counterfactual cases within Latin America produces valuable knowledge about variations in the size and composition of national territories and in the propensity for civil war.

A note on sources: a range of concepts and theories in political science, economics, and sociology have been used to frame the largest questions of the book. I used history books in multiple languages to answer them. However, most history books were not written to answer social theory questions. Hence, on multiple occasions, I have had to look for answers in primary sources directly. Fresh archival data have been crucial in the reconstruction of the process of state formation in Brazil, Colombia, Uruguay, and especially Argentina.

Roadmap

The book is divided into two parts. Part 1 explains variations in state capacity across Latin America and western Europe. Part 2 accounts for variations within Latin America with regard to the territorial size and composition of the countries, as well as in the temporal distance between the consolidation of the national territory and the monopolization of violence, which in turn shapes the propensity to civil wars.

Each part is divided into a theoretical section and a series of empirical analyses. The theory in Part 1 builds on Weberian and Marxist insights to produce a general framework for the analysis of state formation (Chapter 1). By transforming the scope conditions implicit in the accounts based on early modern western Europe, the new theory is able to explain cases of state formation with and without state building. The theory offers a template for empirical analysis based on four components: (a) initial international conditions; (b) goals and priorities of the state-making elite; (c) resources for, and resistances against, state formation; and (d) strategies of periphery incorporation. It identifies two polar paths: war-led state formation, which is concomitant with state building, and trade-led state formation, which is inimical to state building. Closely following the template, the empirical chapters of Part 1 analyze failed experiments of state formation in Latin America in 1810–45 (Chapter 2) and the successful process around the mid-nineteenth century (Chapter 3).

In Part 1, political elites that succeeded at state formation in mid-nineteenth-century Latin America are presented as *market-makers*, which highlights the contrast with the *war-makers* of the pioneer cases in early modern western Europe. In Part 2, Latin American state-makers are analyzed from a complementary perspective, as *polity-makers* rather than market-makers.

As market-makers, political elites can initiate export-led economic growth through multiple combinations of economic and political regions. However, as polity-makers, only *a specific combination* of regions creates the political arena in which they can achieve their ultimate goal, that is, *political supremacy* vis-à-vis competing political elites. Once the short-run vitality of the export sector was secured, Latin American polity-makers had a *substantial level of latitude* in decisions that were instrumental to pursue their own political agenda, including which peripheries to include in the emerging state, which ones to exclude, and under what terms. Decisions of inclusion and exclusion were driven by coalitional motives. Polity-makers pursued the combination of regions that was optimal for their political career.

The theory section of Part 2 (Chapter 4) outlines structures and agents of state formation and shows how they shape three distinct pathways, all variants of the trade-led model: port-driven, party-driven, and lord-driven.

The empirical section of Part 2 has six chapters (Chapters 5 to 10). Chapters 5 to 7 examine the two most important cases of port-driven state formation, Argentina and Brazil. Turning to cases of party-driven state formation, Chapter 8 analyzes Mexico, and Chapter 9 focuses on Colombia and Uruguay. Finally, Chapter 10 analyzes the three most informative cases of lord-driven state formation: the collapse of the Central American Federation, Gran Colombia, and the Peru-Bolivian Confederation, followed by the creation of smaller successor states, Guatemala, Venezuela, and Peru.

The Conclusion summarizes the main theoretical and empirical findings and identifies the key contributions to state theory and to the study of long-term political trajectories in Latin America. It also presents a new agenda of research in the political economy of development. It turns from the causes of political geography analyzed in the book to its effects. It closes by sketching a theory of the potential impact of political geography on the growth capacity of countries.

PART ONE

State Formation against State Building

Latin America and Western Europe Compared

Are strong states born or made? In the pioneering experience of early modern Europe, states were born strong and remained strong. In sharp contrast, in nineteenth-century Latin America, a prime example of *latecomer* state formation, states were born weak and stayed weak through the twentieth century. If *state formation* is strictly understood as the monopolization of violence within the borders of a territory, then it can be distinguished from *state building*, the creation of central capacity to tax the population and provide public goods efficiently and evenly throughout the territory.

Variations in state capacity, both across countries and over time, are enormous. Policy innovations and institutional reform can produce *small* changes in state capacity. For *large* differences in state capacity, the main source of variation is the specific *path* taken during the state-formation process. Processes of state formation can be divided into two broad modal paths: *war-led* versus *trade-led*. They produce opposite political outcomes. The war-led path results in *strong* states, in which state formation is coupled with state building. The trade-led path produces *weak* states, in which state formation is *decoupled* from state building and potentially becomes an obstacle to it. Weak states are full members in the category of the modern state: they succeeded at both territory consolidation and violence monopolization. They failed, however, at creating capacity. A universal prerequisite of state

capacity is the elimination of local clientelistic powers that can effectively interfere with the national government's ability or willingness to provide public goods in an economically efficient and territorially even fashion.

We lack adequate accounts of the uncoupling of state formation from state building, let alone of state formation becoming an *impediment* for state building. The theoretical deficit has two sources. First, theories of state formation are largely based on the truncated sample of the pioneering western European experience. In the sample, strong geopolitical pressures drove the process of violence monopolization, and international survival required destroying patrimonial rulers in peripheral areas in order to enable the efficient extraction of human and material resources. Yet, in many latecomer experiences, state formation was not achieved under geopolitical pressure. Latecomer state-makers pursued goals other than *war-making*, primarily *market-making* and *coalition-making*. A general theory of state formation must start by acknowledging that war-making is not the only driver of state formation, often it is not the main driver, and sometimes it is not a factor at all.

Second, the literature has largely reduced state formation to violence monopolization. However, state formation also involves *territory consolidation*. Territory consolidation does not refer to diplomatic negotiations between two established countries about marginal changes in their shared frontier. Territory consolidation is the political, sometimes violent, process over the course of which some regions are included within the emerging national political jurisdiction and other regions are excluded from it. In Latin America, state building did not happen because the specific *combination* of regions that constitute most countries placed durable limits to how much capacity could be developed. Other combinations would have facilitated state building. In the two largest Latin American countries, Argentina and Brazil, a central region with the potential to develop a capable local state incorporated large peripheries dominated by patrimonial rulers. In sharp contrast to the pioneer cases of western Europe, patrimonial rulers survived the state-formation process and, indeed, contaminated the entire polity by transforming the emerging central state into a large-scale patronage machine. Latin American states were born with strong antibodies against state capacity. Demarcated in the late nineteenth century, national borders in Latin America have been extremely durable by any standard (compared to borders in

Europe or to other institutions in Latin America). Success at state formation caused failure at state building.

The war-led and the trade-led models are associated with specific world-historical times. War-led state formation took place during the post-Westphalian era of western European history in the wake of the Military Revolution (1550–1650), a radical transformation in the forms and means of *destruction* that was initiated and completed *within* western Europe. Trade-led state formation occurred during the post-Independence era of Latin American history, largely as a response to the First and Second Industrial Revolutions (1760–1890), a seismic range of innovations in the forms and means of *production* that was initiated and completed *outside* Latin America.

World-historical times, such as post-Westphalian Europe or post-Independence Latin America, are defined with proper names. To understand their effects, proper names must be replaced with variables. A critical difference between state formation in the post-Westphalian era of western Europe and the Independence era of Latin America is that whereas western Europe crafted the first generation of modern states, Latin American states formed when the world was already populated by first-generation members, which placed a distinct set of opportunities and constraints for future generations. War-led state formation is the modal pattern among the “pioneer” cases of state formation, whereas trade-led state formation is the modal pattern for “latecomers.” Pioneer states do not provide the mirror image of future stages in the trajectory of latecomer states precisely because the very existence of the pioneers encourages adaptation among latecomers.

This part of the book provides the theoretical tools to understand the modal pattern of state formation in Latin America, its origins, process, and final outcome. It is organized into three chapters. The first chapter is theoretical, and the other two empirical. Chapter 1 starts by demarcating the outcome, placing special emphasis on the distinction between state formation and state building, which is crucial for understanding the modal case in Latin America. It then reviews the dominant approaches to state formation in early modern Europe and to state building in nineteenth-century Latin America. The goal is to extract key analytical inputs for a general theory of state formation. The chapter makes explicit the scope conditions implicit in traditional approaches. It claims that the two key scope conditions are whether

the international geopolitical context is marked by anarchy or hierarchy and whether the international economic order is dominated by feudalism and mercantilism or capitalism and free trade. The chapter then presents a general theory of state formation based on the construction of two models: trade-led versus war-led state formation. Each model reflects opposite initial conditions: international hierarchy instead of anarchy, and global capitalism instead of autarkic feudalism. Initial conditions trigger distinct causal chains resulting in different outcomes with regard to state capacity. The chapter advances the hypothesis that *under geopolitical hierarchy and global capitalism, trade-led state formation is the optimal path from the perspective of the emerging ruling class, whereas war-led state formation is strictly counterproductive for political survival*. It also specifies *the causal linkages between success at trade-led state formation and failure at state building*.

The empirical chapters offer a new analysis of nineteenth-century Latin American history by applying the theoretical tools introduced in Chapter 1. It divides the modal trajectory of state formation in Latin America into three periods: Independence (1808–25), Failure (1825–45), and State Formation (1845–75). Chapter 2 covers Independence and Failure. Chapter 3 analyzes the State Formation period. Independence can be seen as an aborted attempt at trade-led state formation, which resulted in Failure, the opposite of what independence leaders intended. The Failure period centers on the initiation of a process of war-led state formation that was interrupted by an international economic shock, which created the opportunities for the first boom of primary exports in independent Latin America. Finally, in the period of State Formation, state-making elites employed the resources from the international economic shock to deal with the legacies of the Failure period. The final and durable outcome was state formation without state building.

A Theory of Latecomer State Formation

Outcome: State Formation with and without State Building

State formation includes two processes: territory consolidation and violence monopolization. Territory consolidation refers to the process by which an emerging political center decides which regions to include within its jurisdiction and which to exclude. The importance of state formation qua territory consolidation can hardly be exaggerated. Territory consolidation is the source of a modern country's political geography. Territory consolidation defines the physical and demographic space within which a national polity and a national economy will emerge. From a political point of view, territory consolidation shapes almost every component of subsequent dynamics. It circumscribes the population available for future coalitions, which shape strategies of cleavage activation and political entrepreneurship. Which regions are combined during state formation has massive effects on the prospects for state building.

“State building” is a new phrase for an old concept, which can be traced to Max Weber's original notion of bureaucratization, the transition from patrimonial rule to meritocratic administration.¹ Foundational work by Charles Tilly and Michael Mann on the rise of the modern state in western Europe largely views state building as concomitant with state formation, and because state formation affected almost every corner of early modern western Europe, so did state building. Tilly and Mann complemented Weber's original emphasis on administrative efficiency with a focus on territorial reach. Thus, examining the extractive side of the state, Tilly viewed state formation as including a transition from “indirect rule” to “direct rule,” the elimination of

intermediary powers by an emerging political center in its efforts to collect revenues from newly acquired territories.² Turning to the output side of the state, for Mann, state formation produced a gradual but prodigious rise in “infrastructural power,” the capacity of the state to effectively deliver goods and services throughout the territory under its nominal control.³

Guillermo O’Donnell’s work on Latin America argues that variations in state capacity across contemporary cases are as substantial as the variation over time experienced in the rise of modern western Europe. Latin America has states, but they lack the capacity to fully control their territories, which, according to O’Donnell, are permanent combinations of “brown,” “green,” and “blue areas.”⁴ O’Donnell’s color scale covers exactly Weber’s conceptual range from patrimonial to bureaucratic administration and Mann’s continuum from low to high infrastructural power. Research inspired by O’Donnell’s observation has reached a strong consensus that only three relatively small countries, Chile, Uruguay, and Costa Rica, are fully blue states, true exceptions within a general pattern of brown and green. O’Donnell focuses on brown areas mainly for their *effects* on the extension and quality of present-day citizenship rights. Yet modern states in Latin America were born with brown areas, which implies that understanding the *historical origins* of brown areas and weak states requires critical scrutiny of theories of state formation based on the western European experience. A more general theory of state formation is needed, and it must account for the emergence and persistence of states with and without bureaucratic, infrastructural capacities.

The theory presented here traces variations in state building to the territory-consolidation component of state formation and *not* to the violence-monopolization one, despite the fact that the literature has tended to see military buildup as a precursor of institutional capacity. During territory consolidation, a political center may choose to form a minisovereignty by excluding all regions other than its immediate hinterland, or it may decide to incorporate one or more surrounding regions. When territorial expansion through incorporation does occur, the new regions can be seen as *peripheries* in relation to the state-formation center. An apt alternative phrase for territory consolidation when the center expands its territory beyond its immediate hinterland would be *periphery incorporation*.

The critical difference between state formation with and without state building is whether periphery incorporation also involves *periphery trans-*

formation, that is, the substitution of local political traditions by a general set of institutions enforced by the center throughout the incorporated territories. In both early modern western Europe and postcolonial Latin America, most peripheries were dominated by local potentates that can be characterized as patrimonial rulers in the Weberian sense. The typical patrimonial ruler in early modern Europe was the old feudal aristocracy, whereas postcolonial Latin America had two rather different types of patrimonial ruler: vestigial colonial oligarchies, to whom the Iberian empires had granted special economic and political privileges, and the new rural warlords mobilized during the independence process, the so-called caudillos. Despite their different origins, vestigial oligarchies and caudillos both controlled the local population through clientelistic linkages, asymmetric exchanges of military protection and subsistence goods for labor services in times of peace and military efforts in times of war.

Figure 1.1 summarizes the key conceptual steps required for the comparative analysis of state development. First, state development is disaggregated into state formation and state building. Then, state formation is disaggregated into violence monopolization and territory consolidation. The dashed line connecting territory consolidation and the tandem bureaucratization/periphery transformation indicates a causal, as opposed to conceptual, relation. Whether the relation is positive or negative depends on conditions that will be analyzed in the next section.

Periphery transformation occurs when periphery incorporation is accompanied by the eradication of the particularistic linkages uniting local potentates and their client population. No bureaucratization, no direct rule, no infrastructural power, and no blue areas will emerge unless patrimonial peripheries are overhauled. Periphery transformation is a true prerequisite both for efficient extraction by the emerging state and for the effective delivery of public goods and the enforcement of citizenship rights. In the process of territory consolidation, western European peripheries were incorporated and transformed at the same time, whereas in Latin America, periphery incorporation occurred without periphery transformation. In this specific sense, state formation was *uncoupled* from state building.

Yet incorporation without transformation is not the most patrimonial outcome. A more patrimonial outcome occurs when the center incorporates peripheries and provides local elites with external support to perpetuate their

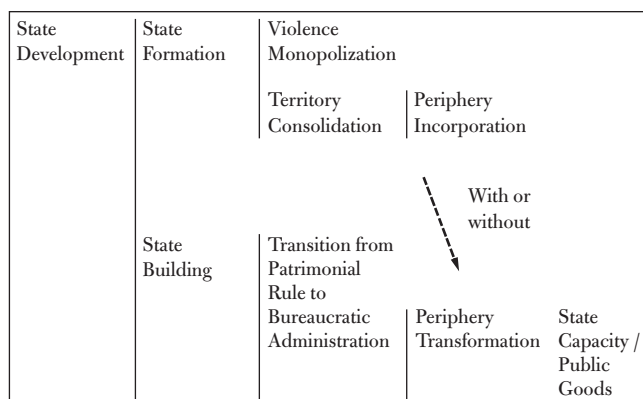


Figure 1.1. Clarifying and disaggregating “state development”

sources of patronage. And the most patrimonial outcome occurs when it is the incorporated periphery that transforms the center in a patrimonial direction, completely reversing the pioneer western European trajectory. In this case, peripheries propagate patrimonialism throughout the national administration and the subnational governments, eventually turning the state into a large-scale patronage machine. In this case, state formation is *inimical* to state building. Only trade-led state formation can produce the latter.

Argentina and Brazil illustrate the modal Latin American pattern of *generalized patrimonialism* resulting from the most perverse form of periphery incorporation. In the mid-nineteenth century, the centers of both countries, Buenos Aires and Rio de Janeiro, were set on a trajectory in which rapid economic growth and sustained enhancement of bureaucratic capacity reinforced each other. Yet they incorporated peripheral regions dominated by patrimonial institutions that not only survived incorporation but also formed a critical mass to place the national state and the subnational units along a durable path of patronage-based politics. Mexico is similar to Argentina and Brazil, except that its center never had the potential for capacity building that Buenos Aires and Rio had. If Chile, Costa Rica, and Uruguay are exceptions to the modal pattern, the main reason is that, in their formation, they incorporated no peripheries and thus escaped the risks of patrimonialization altogether.

The theory presented in this chapter builds on two bodies of research: traditional approaches to state formation in early modern western Europe and recent comparative analyses of state building in nineteenth-century Latin America.⁵ The relation between the two bodies of research is quite straightforward. Recent analyses of state building in Latin America largely agree that traditional approaches to state formation in early modern Europe “do not apply” beyond Europe. The problem with the consensus among Latin Americanists is twofold: it has failed to make the conceptual distinction between state *formation* and state *building*, and it has not explored the *scope conditions* of traditional theories of state formation.

The Theory of Pioneer State Formation: The War-Led Path

Work on the rise of the state in early modern western Europe provides one of the strongest examples of progress in the social sciences as a collective enterprise. By the end of the twentieth century, it was already safe to make three impressive claims:

1. The state is a distinctly modern form of political organization. Premodern forms of political organization either were nonterritorial or did not monopolize violence.⁶
2. The state originated in western Europe.
3. The first generation of states was the outcome of war and preparation for war.

All three claims can be found in the work of Max Weber. Yet, for a long time after Weber’s work, the “bellicist thesis” (third claim) remained contentious. For scholars working under the assumption that economic conditions have some form of causal primacy over political phenomena, the state was the product of modern capitalism. Marxists had traditionally been the strongest advocates of the rival, “economicist,” thesis.

Bellicists and economicists continue to debate about the origins of the state.⁷ However, the debate should not eclipse the fact that scholarship after Weber’s work—which was motivated by the very same debate—forged a strong consensus on the geopolitical sources of the western European state. Two developments were crucial in the formation of the consensus: historians’

research on the origins and repercussions of the so-called Military Revolution and Marxist reinterpretations of the origins of the modern state.

War-Led State Formation and State Building

In his last lecture course, Weber provided the sketch of a theory of war-led state formation, based on one key historical observation: “The mediaeval army of knights made feudal social organization inevitable; then its displacement by mercenary armies and later (beginning with Maurice of Orange) by disciplined troops led to the establishment of the modern state.”⁸

Historians’ work after Weber has given decisive empirical support to the bellicist thesis. The transition from the “knight” to the “disciplined [standing] army” of Weber’s observation is what, since the work of the historian Michael Roberts, has been known as the “Military Revolution.”⁹ Roberts’s work highlighted the impact of more effective forms of military organization, including centrally the so-called linear tactics designed by the Dutch ruler Maurice of Orange and the Swedish king Gustavus Adolphus. Around the time of the Thirty Years’ War (1618–48), the new infantry had already proved more effective in the battlefield than the old medieval cavalry. The Thirty Years’ War marked the extinction of feudal military organization. Roberts’s work in turn inspired an impressive amount of historical research.¹⁰ New accounts show that the range of changes in military tactics and technology in late medieval and early modern Europe was even broader and more radical than Weber and Roberts suggested.

The new research has also assessed the impact of specific military transformations on the emergence of the modern state (an exemplary application of “process tracing” analysis). Historians agree that the introduction of gunpowder, a revolution within the Military Revolution, and the rise of the Trace Italienne were key sequential steps leading to the creation of the standing army. The Trace Italienne was a form of fortification designed to produce effective defense in response to the use of gunpowder by the artillery.¹¹ Conquering a settlement defended by the Trace Italienne required long months of military siege. Only permanent, professional armies could make the siege successful. Once a professional army is formed, a short step separates it from the rise of the modern state. Among the many paths connect-

ing the permanent army and the modern state, the most prominent one is the “fiscal linkage.” Protostates could sustain standing armies only if they also introduced a permanent system of taxation. In the “coercion-extraction cycle,” more effective taxation allowed for a more effective army, which in turn allowed the ruler to be more effective at taxation.¹²

The modern state is itself the ultimate innovation of the Military Revolution. In late medieval Europe, geopolitical competition caused the Military Revolution. In early modern Europe, more effective means of destruction, and stronger military pressures resulting from them, forced the extinction of pre-state forms of political organization, including feudal lordships, dynastic empires, mercenary armies, city leagues, and autonomous urban enclaves.¹³ They also caused convergence on the modern state, which was a double organizational innovation. The first was the centralization of political authority over a contiguous territory, which was about ten times larger than the medieval kinglets but one-tenth the size of the Roman Empire. The second was the monopolization of violence within the territory, that is, the consolidation of a permanent professional army. Convergence on the state could be voluntary or forced. Forced convergence was a Darwinian process and was the modal case. Rulers who failed to introduce the changes required to create a modern state died at the hands of those who succeeded at producing the required change. Early modern Europe was a cemetery of failed states.

Concomitant with the construction of the modern state, a key innovation was the creation of a permanent system of taxation. This forced rulers competing with each other to open a second, “domestic,” front of conflict against local potentates in surrounding areas for the control of the financial and human resources required for war. Success in the domestic arena was key to survival in the international arena. The implacable pressures of Darwinian geopolitical competition that caused convergence on state formation also caused convergence on *state building*. The territories of rulers who failed to eliminate local potentates were absorbed into those of Weberian states, which succeeded at state building. That is, in early modern western Europe, state formation involved not only territory consolidation and violence monopolization but also *periphery transformation*. Through this process, the political center of the emerging state eliminated surrounding local potentates and replaced the variety of preexisting political institutions in the

annexed regions with a uniform set of controls, rules, and services geared toward maximizing the quantity and quality of resources extracted. Geopolitical pressures for periphery transformation have been the master driving force behind the creation of state capacity and infrastructural power.

The major difference between early modern western Europe and nineteenth-century Latin America is that territory consolidation and periphery transformation, which had gone hand in hand in western Europe, were *uncoupled* during the process of state formation in Latin America. Uncoupling would have caused state failure in western Europe. It obviously did not in Latin America. Latin American states did not merely avoid periphery transformation during territory consolidation. More seriously, during and after state-formation bargains, patrimonial institutions in the periphery gained new strength through validation from the center, aborted the political modernization of the center itself, and ultimately propagated patrimonialism throughout the entire political arena. In contrast to western Europe, state formation in Latin America became an impediment to state building.

It is not that the bellicist approach is wrong or “not applicable.” It is simply that the Latin American cases require that the scope conditions implicit in the approach be made explicit and transformed into proper causal variables. When the implicit scope conditions become explicit causal variables, it is easy to verify that the scores of the causal variables were different in Latin America. The most important scope condition of the bellicist approach is *international anarchy*. Latin American countries were formed not only when the world was already populated by other territorial states—which by definition was not the case of the pioneer cases—but also when the pioneer states had already consolidated a clear international *hierarchy*, topped by Great Britain and, at some distance, France. As we will see, international hierarchy weakened geopolitical pressures during state formation in Latin America and thereby became a key source of the uncoupling between state formation and state building.¹⁴

Neo-Marxist Approaches

In the debate between bellicists and economicists, Marxism made the most useful contribution for a general theory of state formation. Historians falsified early Marxist approaches to state origins. At the same time, they encour-

aged the sophistication of Marxism. Based largely on Friedrich Engels's writings, early Marxism had taken too seriously the claim that "the executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie."¹⁵ The bourgeois-committee thesis was used by early Marxism as a premise of state-formation analysis rather than as one among many possible conclusions of empirical research. As a consequence, early Marxism has repeatedly presented the modern state as the creature of an emerging capitalist class, which builds the state in order to protect property rights, remove internal tariffs, and repress labor unrest.

The basic chronology from systematic historical research dealt a fatal blow to early Marxist theories of state formation. The historical record is conclusive about the fact that the modern state *predated* the emergence of capitalism as a general mode of production—and the formation of the bourgeoisie as a particular economic class—by no less than a century. The Military Revolution occurred about 150 years before the Industrial Revolution. And whereas the modern state was created at some point between the Military and the Industrial Revolutions, the rise of the bourgeoisie occurred only after the Industrial Revolution. The bourgeoisie was not around when the first states emerged. The bourgeoisie could not have produced the modern state. Early Marxist theory of state formation is wrong.

Yet general theories of state formation, which are able to travel outside western Europe and account for Latin America's uncoupling of state building, require the incorporation of key Marxist insights within the Weberian template. The work by the Marxist historian Perry Anderson explicitly deals with the precapitalist nature of the modern state, the *bête noire* in Marxist social theory. Anderson finds the roots of the modern European state in the transition from early feudalism to mature feudalism. For Anderson, the replacement of "parcellized sovereignty"—the distinctive political mark of Europe after the fall of the Roman Empire—with the modern state was a concerted response by feudal lords to the twin threats of peasant rebellion and the rise of the medieval city. Feudal lords pooled resources to create a political unit with enough coercive military capacity to neutralize the pressures from below and from the sides.¹⁶

Anderson's work is valuable in three ways. First, it has pushed the debate on state formation between bellicists and economicists to a new level, from which areas of divergence and convergence become both much clearer

and more productive for empirical research. Neo-Weberians and neo-Marxists disagree on the *origins* of the impressive surge of war-making activity in early modern Europe, but they fundamentally converge on the long chain of *effects* brought about by modern war.

In relation to origins, neo-Weberians view war as a Hobbesian effect of international anarchy, whereas, after Anderson, neo-Marxists view war as part and parcel of the laws of motion of the feudal mode of production. Under feudalism, economic technologies were stagnant. Without economic innovation, productivity gains—higher levels of economic output using the same levels of inputs—were impossible. The only form of economic expansion under feudalism was to increase the volume of economic inputs, essentially land and labor. Economic expansion required the annexation of new territory and the domination of the population within it. From Anderson's perspective, then, war-making in late medieval Europe derived not from international anarchy but from the economic requirements of the feudal mode of production: "Transnational interaction within feudalism was typically always first at the political, not the economic level, precisely because it was a mode of production founded on extra-economic coercion: conquest, not commerce, was its primary form of expansion."¹⁷

Disagreement about the origins of war-making should not overshadow the remarkable consensus between neo-Weberians and neo-Marxists regarding its effects, which crucially shaped the priorities of state-making elites. As Anderson put it, "States were machines built overwhelmingly for the battlefield. It is significant that the first regular national tax to be imposed on France, the *taille royale*, was levied to finance the first regular military in Europe—the *compagnies d'ordonnance* of the mid-15th century."¹⁸ Impressive breakthroughs in historical research proved that genuine progress in the social sciences is possible: the most sophisticated Marxist account of the state became indistinguishable from Weber's original observations.

Second, state formation as resource pooling for enhanced *class* domination is a distinctly Marxist insight that is largely absent in bellicist theories but is indispensable for the analysis of Latin America. In contrast to liberal theories that view the emergence of the state as the outcome of rational actors pursuing the creation of "public goods," many nineteenth-century Latin American states were created to provide what can usefully be seen as

a *class good*. A class good is similar to a club good in that only members benefit from it.¹⁹ Yet, in contrast to the club good, which is financed by the members/beneficiaries, the class good is financed by the nonmembers of the club/class, typically the general public. The clearest example of a class good is the creation of coercive capacity, using general taxes, to repress forced labor.

Third, Anderson's work, by highlighting that state formation in early modern western Europe was initiated and largely completed in a precapitalist economic context, points to a second set of scope conditions implicit in the bellicist approach, which are geoeconomic instead of geopolitical. The conditions are autarkic feudalism (at the onset of state formation) and mercantilism (the international economic policy adopted by the first generation of fully formed states). In sharp contrast, state formation in Latin America was initiated and completed during the first big global expansion of capitalism and free trade.

In sum, it is safe to claim that the bellicist approach is right. Historical research provides empirical support for it. Marxism, the rival theoretical approach, capitulated to it. Neo-Marxism and neo-Weberianism became indistinguishable for the purposes of building a general theory of state formation. For the bellicist approach to become useful in the construction of a general theory of state formation, the key analytical step is to transform its implicit scope conditions, consisting of the geopolitical and economic environment, into explicit causal variables. Within a general theory, the bellicist approach becomes a *specific path* of state formation, the initial conditions of which are international anarchy, autarkic feudalism, and mercantilism. The specific combination of initial conditions triggers the *war-led path* of state formation, which is concomitant with state building.

When state formation occurs under different values on *both* initial conditions, namely, international hierarchy and free-trade capitalism, state formation becomes an obstacle to state building. International hierarchy and free-trade capitalism set in motion a *trade-led path* of state formation. In the trade-led path, international hierarchy weakens the incentives for state building. As we will see, free-trade capitalism creates incentives for state formation, principally territory consolidation for the provision of class goods. It also makes periphery transformation, a key step toward state building, strictly

—0
—+1

incompatible with state formation. Trade-led state formation was the modal path in Latin America.

Literature on State Building in Latin America

Studies of state formation and state building began to focus on Latin America only recently, thanks to fundamental work by Miguel Á. Centeno, Marcus Kurtz, Ryan Saylor, and Hillel Soifer.²⁰ My work builds on this body of research, but it is based on a clear distinction between state formation and capacity building, it covers more cases, and it offers the first comparative and longitudinal analysis of the three largest countries in the region, Argentina, Brazil, and Mexico. Except for Centeno, all works on the Latin American state deal with state building rather than state formation. No work deals with territory consolidation, which is crucial for explaining subsequent success creating state capacity. Quite surprisingly, except for Centeno, none of the works includes an analysis of Brazil. And except for Kurtz, none of the works considers the provision of class goods as a central goal of the state-making elites in nineteenth-century Latin America.

The existing literature analyzes capacity building *after* the country was formed as a distinct combination of regions. Yet, as the next section will show, the combination of regions forged during territory consolidation sets durable limits on how much “state building” can be done after state formation is completed. Additionally, including Brazil in the analysis produces new theoretical lessons that run counter to accepted wisdom about the provision of class goods and the prospects of state formation. Contrary to work inspired by Barrington Moore, slave labor normally *avored* state formation in the trade-led path. Peripheral regions depending on slave work, which would have otherwise preferred secession, agreed to incorporation within a larger territory in order to be able to call on the coercive force of the central state. Prevention and repression of slave revolts was an extreme version of the class good that created incentives for state formation throughout Latin America. Kurtz’s work focuses on the creation of class goods in the labor market, but his empirical analysis omits Brazil and Mexico, another case in which threats from below pushed a secessionist periphery to demand incorporation in exchange for help with local repression.

0—
+1—

Weak States

Centeno's work is a major contribution toward discerning a modal pattern of state formation in Latin America. Using a rectified version of the bellicist approach, he argues that weak states in Latin America are the result of the "wrong" kind of wars, that is, wars that did not cause the waves of technological, organizational, and ultimately institutional innovations seen in the pioneering cases of Europe. In turn, according to Centeno, wrong wars are accounted for by the existence of "weak states," in a vicious circle in which weak states fight wrong wars, which further debilitate states.²¹ The theory presented in the next section departs from Centeno's in three respects. First, even though the vicious cycle of weak states and wrong wars is almost certainly a true fact, it is important to find an exogenous source of variation that specifies what came first, the wrong wars or the weak states. As we will see, international trade, rather than military conflict, was the main source of state formation, and it can be seen as a truly exogenous force. Second, Latin American wars were more frequent in the first decades after independence than in the second half of the nineteenth century, which was the key period of state formation in the region. A war-led path of state formation, no matter how modified, will not account for state formation in Latin America. Given the international geopolitical and geoeconomic context of the mid-nineteenth century, a major change occurred in the priorities of the state-making elites. They switched from a focus on war to a focus on commerce. Most likely, if wars had dragged on for another century in Latin America, as they did in early modern western Europe, strong states would have emerged. Yet successful state-making elites switched from war-making to market-making and coalition-making well before war could have played out its full effects. Finally, Centeno does not explain substantial variations within the modal pattern of state formation in Latin America, which is the focus of the work by Soifer, Kurtz, and Saylor.

A key insight that my analysis borrows from Centeno's work is his observation about the enormous weight of taxes on foreign trade relative to total revenues in the key juncture of state formation in Latin America. My argument endogenizes the observation by pointing to the initial conditions of the trade-led path.

*Variations in State Building within
Latin America*

My analysis builds on the collective contribution of Soifer, Kurtz, and Saylor in several ways. It relies heavily on Soifer's and Kurtz's observation that state developments in nineteenth-century Latin America have durable repercussions on state capacity in contemporary Latin America. Like all three authors, I am interested in variations in state capacity. Yet, since my argument accounts simultaneously for the modal contrast between Latin America and western Europe and for variations within Latin America, the latter are seen as deviations from a typical pattern characterized by *weak* state capacity. Also, I am interested in capacity variations that are *large*, such as those that separate the Swedish state from the Peruvian state, and I differentiate between state formation and state building. Given the comparison with western Europe, the size of the variation to be explained, and the distinction between state formation and state building, I simplify (dichotomize) differences within Latin America in terms of capacity. I characterize cases as belonging to the modal pattern of weakness or as exceptions to it. The only three clear exceptions to the modal pattern are Chile, Uruguay, and Costa Rica.

Chile, Uruguay, and Costa Rica are obviously interesting cases. Yet, from a theoretical perspective, the cases of Argentina, Brazil, and Mexico are both more informative and more important given their historical leadership in the region. All three cases hide a secret. They were more successful at state formation than were the pioneer cases themselves. The three countries consolidated territories that are far larger than those of the largest western European countries, and, in contrast to France or Germany, their borders have remained immutable for more than a century after demarcation. Yet the very factors that explain their success at state formation also account for their failure at state building.

Kurtz, Saylor, and Soifer rightly dismiss the war-led path and thereby implicitly depart from Centeno's work. At the same time, all three authors miss the role of geopolitical factors. The fact that the war-led path does not explain cross-national variations in Latin America does not mean that geopolitical conditions were not important. Latin American state formation can only be understood in the context of a peculiar geopolitical context, namely,

an international hierarchy topped by the European pioneers. Great Britain was a key factor in the independence of Brazil, in the creation of Uruguay, and in the fragmentation of Central America, among many other large-scale developments in the region. Even more important, the *Pax Britannica* provided an external umpire to potential conflicts between Latin American countries. Such a peace-making mechanism would have been unimaginable during state formation in early modern Europe. Given the level of economic investments in the region, Great Britain had a definite interest in the peaceful resolution of conflicts among countries. On many occasions, it became an external supplier of public goods such as defense and protection of property rights.

Saylor aptly places the role of international trade at center stage and views the pursuit of export-enhancing public goods as a major driver of state formation.²² Two objections to his otherwise brilliant argument are important inputs for a general theory of state formation. First, Saylor's public goods were actually class goods as defined earlier—they benefited a small minority and were paid for by the broader public. Second, economic elites were not the only state-makers; professional politicians, pursuing power rather than profit, were pivotal actors in creating the coalitions that made both state formation and the provision of class goods possible. The path-breaking work by Soifer, in contrast to Saylor's, highlights the autonomy of politics, but it traces political autonomy to ideological convictions (which, in turn, are shaped by patterns of topography and urbanization).²³ I find it more useful, and more consistent with the data, to assume that professional politicians were much more interested in advancing their careers than in implementing programmatic platforms. Naked power maximization must be a central ingredient of state formation.

Finally, Kurtz argues that free labor markets favor state building.²⁴ If he had included the cases of Mexico and Brazil, the claim would have been drastically modified. The attempts of Yucatán and Pernambuco to form a separate country failed because Mexico and Brazil managed to keep them within their territories. Reincorporation was driven by fear among local white elites that their coercive power was not sufficient to discipline labor and tie it to the land. Yucatán and Pernambuco eventually gave up international sovereignty in exchange for military help from the cities of México and Rio de Janeiro to maintain local peace. Forced labor in peripheral regions

helped central elites to succeed at large-scale state formation. The pattern closely resembles Perry Anderson's argument about the origins of absolutism in western Europe, in which the pioneer states originate in a coalition of feudal lords who pool economic and military resources to prevent peasant rebellion.

The theory of state formation advanced in the next section provides a framework to account for one major variation over time and two variations across space. The variation over time is the transition from ill-defined territories in the aftermath of independence to the consolidation of well-demarcated national political arenas in modern Latin America. This transition is the formation of Latin America's modern *political geography*, the most durable legacy of nineteenth-century history. The two variations across space are (a) a contrast between the modal pioneer cases of state formation in early modern Europe and the modal latecomer states in nineteenth-century Latin America, a comparison that "lumps" Latin American countries on the basis of a number of shared attributes, including the stability of national borders and the prevalence of semipatrimonial rule as the typical, but not universal, form of administration; and (b) divergences within Latin America, which "split" countries in the region by the quality of political institutions and highlight the bureaucratic exceptions to the modal patrimonial pattern of administration (Part 2 focuses on an additional set of contrasts among Latin American cases).

A Theory of Latecomer State Formation: The Trade-Led Path

This section presents a theory of state formation that accounts for variations in state building. It borrows from neo-Weberian approaches the implicit template, which can be disaggregated into four components: (a) initial conditions of state formation, which shape (b) goals and priorities of the state-making elites, as well as (c) available resources, and (d) strategies of periphery incorporation. Based on different scores on the initial conditions, the theory presents two paths of state formation: war-led versus trade-led. The paths are polar ideal types. They also fit quite closely the modal cases of early modern Europe and mid-nineteenth-century Latin America. Components (a), (b), and (c) can be seen as increasingly proximate causes of state

formation. Component (d) provides the mechanism, or microfoundation, connecting causes and outcomes, which are differentiated by whether state formation favors or impedes state building.

*Initial Conditions:
The Origins of Polar Paths*

State formation in western Europe occurred under unique geopolitical and international economic conditions: anarchy and feudalism. The context of state formation in Latin America was drastically different: it was marked by a clear international *geopolitical hierarchy*—topped by the pioneer western European states and Great Britain in particular—and by the first wave in the *globalization of capitalism*, which originated in the Industrial Revolution of the United Kingdom, Belgium, the Dutch Republic, and France. In western Europe, even when capitalism replaced feudalism as the dominant mode of production, international economic relations among the emerging states were dominated by mercantilism. The rise of free trade occurred when state formation was already completed in western Europe (with the exception of the German and Italian unifications), and it coincided with the onset of state formation in Latin America.

World-historical times relevant for understanding models of state formation can be transformed into causal variables by building a simple typology based on the intersection of the most fundamental attributes of the international economic and geopolitical context, as shown in Table 1.1. The typology places the western European and the Latin American processes of state formation in opposite quadrants because they differ on *both* sets of variables. The remaining quadrants in the typology are combinations that share at least one initial condition with the pioneer cases and are filled only for the sake of completeness. The analysis of their implications for state formation is outside the scope of this book. The labels (reactive and competing state formation) and cases (eastern Europe, China, Japan, and the United States) attached to the corresponding cells should be taken only as suggestions for exploration of other state-formation paths.

Latin America and Africa share a quadrant. Yet it is instructive to compare the type of international hierarchy of the mid-nineteenth century, when Latin American states formed, and that of the mid-twentieth century,

—0
—+1

Table 1.1. Geopolitical and International Economic Environments of State Formation

		<i>International economy</i>	
		<i>Feudalism/ mercantilism</i>	<i>Capitalism/free trade</i>
<i>Geopolitical context</i>	<i>Anarchy</i>	Pioneer state formation War-led (with military innovation) <i>Western Europe</i>	Competing state formation Trade + war-led <i>United States</i>
	<i>Hierarchy</i>	Reactive state formation War-led (with military imitation) <i>Eastern Europe, China, Japan</i>	Latecomer state formation Trade-led <i>Latin America, Africa</i>

when Africa decolonized. The nineteenth-century hierarchy was topped only by other territorial states, Great Britain and, at considerable distance, France, Prussia, and the United States. Yet the mid-twentieth-century hierarchy included, in addition to two global superpowers (the United States and the Soviet Union), international organizations like the United Nations, which facilitated country creation through multilateral credentialing. If Latin American states formed under an international hierarchy, the African ones formed under a *super*hierarchy, which made state formation qua country creation in Africa easier than in Latin America. At the same time, the very precocity of African state formation made state *building* even harder than in Latin America.²⁵

The typology is the first step in the creation of a more general theory of state formation. It transforms scope conditions implicit in the theory of state formation advanced by Weber and his contemporary followers into explicit causal variables. The typology also helps to enrich neo-Weberian approaches to state formation with valuable insights from neo-Marxist alternatives.

The fact that western European state formation was initiated, and in most cases completed, under feudalism is the main reason for preferring

neo-Weberian theories of state formation over early Marxist approaches. The fact that Latin American states were created within a global capitalist context requires that special attention be paid to the interests of exporting economic elites and foreign investors. Early Marxist claims portraying the emerging bourgeoisie as the champion of state formation, which are definitely invalid for early modern Europe, may be useful in the analysis of state formation in Latin America. State-making elites in Latin America were *political* elites focusing on power maximization. They pursued interests that in principle differed from those of the economic elites, who by definition focus on profit maximization. However, in the history of Latin America, the interests of the political elites and the economic elites were never more aligned than during the state-formation process.

As a preview of the discussion to come, Table 1.2 summarizes the theory by specifying the four explanatory components and the outcome in each path of state formation.

*Shared Goals, Contrasting Priorities:
War-Making versus Market-Making*

The most fundamental goal of state formation is shared by state-makers on all paths. The goal is always and everywhere the political survival of the rulers who embark on the process. What varies across paths are the immediate priorities, the resources, and the strategy of the state-making elite. International anarchy encourages war-led state formation. It makes political survival depend on the creation of a state that is fundamentally a military machine with which to sustain international sovereignty. The priority in war-led state formation is *war-making*, understood in the broad sense of not just waging wars but also preparing for them by upgrading extractive, military, and organizational capabilities. Otto Hintze claimed that “all state organization was originally military organization, organization for war. . . . This can be regarded as an assured result of comparative history.”²⁶ Hintze’s result is “assured” only under conditions of international anarchy prior to the emergence of global capitalism.

On the other hand, the globalization of capitalism fosters trade-led state formation, especially in areas of the world with the potential to derive large benefits from commerce with the industrial pioneers. Global capitalism makes political survival depend on the ability of rulers to secure a commercial

—0
—+1

Table 1.2. Models of State Formation: The Five Theoretical Components

<i>Model</i>	<i>Initial conditions</i>	<i>Goal and priorities</i>	<i>Resources</i>	<i>Strategy toward periphery</i>	<i>Outcome</i>
War-led state formation	Geopolitical anarchy + feudalism/mercantilism	Political survival through war-making	Internal taxation under external military threat	Periphery incorporation with transformation	Strong states
Trade-led state formation	International hierarchy + global capitalism/free trade	Political survival through market making	Customs revenues due to global trade opportunities	Periphery incorporation without transformation	Weak states

linkage between the leading export sector of the emerging country and the world's most profitable markets. The priority in trade-led state formation is *market-making*, understood in the broad sense of producing the appropriate business environment for local economic elites and foreign investors.

Internal pacification in war-led state formation is achieved as an *unintended by-product* of violence monopolization, which in turn is a direct outcome of geopolitical pressures under international anarchy. Rulers who fail to monopolize violence perish under the attacks of those who succeed. By contrast, in trade-led state formation, peace, both within the emerging country and with foreign neighbors, is the *deliberate policy* of state-making elites. They correctly perceive that pacification is a necessary condition for the production of the proper business environment, the master class good in trade-led state formation.

Feudalism as a dominant mode of production intensifies the incentives for war already created by geopolitical anarchy in the pioneer cases, as noted by Anderson. By contrast, international hierarchy further attenuates military pressures in the context of global capitalism that surrounds latecomer cases. State-makers in Latin America could not realistically aspire to a prominent geopolitical role in an international arena already dominated by the United Kingdom, France, Prussia, and the United States. With competition for international supremacy off the agenda, pressures to catch up to the latest military technology are nonexistent in trade-led state formation. The international geopolitical context favored peace among Latin American emerging countries. Great Britain's role was key. Concerned about disruptions in its trade relations with the region, Great Britain was a virtual referee in disputes between Latin American countries and a decided sponsor of peaceful solutions to them. An informal outside umpire was an unimaginable form of conflict resolution in the original European setting of state formation.

Different Resources:

Internal Taxes versus Tariffs on International Commerce

No state exists without revenue. To form states, rulers must find substantial sources of continuous revenue. Sources of revenue vary depending on the state-formation model, and variations are highly consequential. In war-led

—0
—+1

state formation, internal taxation produces the revenue, whereas in trade-led state formation, revenue derives from tariffs on international trade. Tariffs in turn may serve as collateral for foreign borrowing, an additional source of state finance. To obtain the physical and human resources required for war, the prevalence of feudalism as a mode of production leaves state-making elites in war-led cases with no option other than to annex surrounding regions and tighten their political and fiscal grip. In the trade-led path, funding state-formation projects requires securing abundant flows of international trade, the consolidation of a small number of international seaports, and the installation of customhouses to collect revenue from import tariffs. The smaller the number of ports, the lower the costs of administering them.

In western Europe, differences in the sources of fiscal income were relatively small, but scholarship has considered them highly consequential. The “inward-looking” cases, best exemplified by France and Prussia, covered 90 percent of the state’s expenditures with internal taxes. The “outward-looking” cases, Great Britain and the Dutch Republic, derived only between 15 percent and 30 percent of their revenue from international trade. The small difference has repeatedly been seen as a major source of variation in the emerging political regime, differentiated as absolutist versus constitutional.²⁷

Since independence, the modal Latin American country has obtained around three-quarters of its revenues from tariffs on imports. That is, state-makers in Latin America were twice or three times more “outward-looking” than the most outward-looking European cases. Compared to the variations within western Europe, the difference in funding between the trade-led process in Latin America and the war-led process in western Europe is nothing short of astronomical. Paradoxically, the big difference in revenue source did not produce stronger constitutionalism but weaker capacity.

*Similar Rivals, Different Strategies:
Varieties of Periphery Incorporation*

Peripheries largely oppose state formation in both the war-led path and the trade-led path. But they do so for different reasons. In the war-led path, local potentates in peripheral areas correctly view state formation as a threat to their political survival. In a precapitalist context, revenue maximization pushes state-makers into a direct combat against intermediary powers, that

is, feudal aristocracies presiding over an expensive hierarchy of local clients. Increased central extraction translates into a more effective army, and a more effective army in turn poses a more serious threat to local potentates. In the trade-led path, peripheral notables also resist incorporation, but they do so largely to secure a bargaining chip in the negotiation with central elites for the size of their share of revenues from international commerce. In the trade-led path, peripheries have special extortion power. It is not peripheral notables who fear for their survival but the political and economic interests of the center who worry that disruption from the peripheries could derail integration into world capitalism. If peripheries neighboring the port and the export sector are left outside the state's territory, local potentates pose a permanent threat of invasion.

Substantial differences in political priorities—war-making versus market-making—and qualitative contrasts in the source of funding—internal taxation versus customs revenues—make rulers in the war-led model and the trade-led model pursue radically different strategies of “periphery incorporation.” Whether the periphery is transformed over the course of territory consolidation is a watershed that determines whether the precursors of capacity building are going to take root. Rulers in the war-led model of state formation have no choice but to transform the newly incorporated peripheries, lest they risk international sovereignty. Periphery transformation, and specifically the extermination of intermediate powers interfering with central rule and the rationalization of tax collection, maximizes the security of the emerging state. External geopolitical pressures cause convergence on periphery transformation across the cases engaged in war-led state formation: they either defeat the resistance of peripheries against institutional change, or they fail, only to be absorbed by a neighboring state that is powerful enough to complete the transformation.

By contrast, in the trade-led path of state formation, rulers do not need the peripheries for revenue extraction, as duties collected at the main customhouse are the key source of funding. Moreover, periphery transformation risks provoking military resistance that aborts efforts at pacification, pulverizes the business climate, disrupts foreign trade, and stops foreign investments, placing an indefinite hold on the main source of revenue for state formation. Vital in the war-led process of state formation, periphery transformation is counterproductive in the trade-led process. No periphery transformation, no state building. And without state building, states are weak.

—0
—+1

PART TWO

Ports, Parties, and Lords

Pathways to the Political Geography of Latin America

Just before the Commercial Revolution of the mid-nineteenth century, a multitude of Latin American regions claimed sovereignty. The size of a city or a rural village and its immediate hinterland, regions had distinct economic endowments and political institutions. Combining regions, pacifying them, and concentrating the means of violence within the joint territory required Herculean efforts. What types of agent rose to the challenge? What were the incentives? The state-formation agent in Latin America was a *politician*. It was not a professional *army*, it was not a *nation*, and it was not a dominant *economic class*. The politician is the key piece to complete the theory of trade-led formation presented in Part 1. Striving to find the combination of regions that best suited his professional ambitions, the politician produced the *political geography* of modern Latin America, by far the most durable legacy from the nineteenth century.

Part 2 advances a “politician-centered approach” to state formation. It focuses on the political mechanisms in the process of territory consolidation, which explain why each country in Latin America stabilized into a distinct combination of regions from a spectrum of possible alternatives. In Part 1, the Latin American political elites who succeeded at state formation were presented as *market-makers*. The characterization highlighted the contrast with the *war-makers* of the pioneer cases in early modern western Europe. Latin American rulers had the choice of prioritizing international trade

or geopolitical competition. Given global conditions, they chose international trade. As market-makers, they formed a tight alliance with economic elites of a booming export sector and co-opted patrimonial potentates in the peripheries. Co-optation of patrimonial potentates was the key to the creation of the class goods—property rights and transportation infrastructure—required for export-led growth.

In Part 2, Latin American state-makers will be analyzed from a complementary perspective, as *polity-makers* in addition to market-makers. As market-makers, political elites can ignite export-led economic growth through *multiple combinations* of economic and political regions. However, as polity-makers, only *a specific combination* of regions creates the political arena in which they can achieve their ultimate goal, that is, *political supremacy* vis-à-vis competing political elites. Once the short-run vitality of the export sector is secured, polity-makers have a substantial level of latitude in decisions that are instrumental to pursue their own political agenda, including which peripheries to include in the emerging state and which ones to exclude. Coalitional motivations drive decisions of inclusion and exclusion. Polity-makers pursue the combination of regions that maximizes their power. They unite the center with the selection of peripheries that provides the greatest chances to move up in the hierarchy of power or to prolong their political career for as long as possible. As market-makers, political elites in Latin America *initiated* trade-led state formation. As polity-makers, they *closed* the state-formation process by structuring the final composition of the new political arena.

The process of state formation in Latin America was led by three kinds of polity-makers: an urban political entrepreneur based in a major city-port; rival oligarchic parties linking together an aspiring capital and a number of secondary cities and rural villages; or a rural lord in command of a large contingent of clients. Each type created a distinct variant of trade-led state formation: *port-driven*, *party-driven*, or *lord-driven*.

State-formation outcomes in Latin America show unprecedented variation along two key dimensions: (a) the number and diversity of regions included in each state (which are highly correlated with country size) and (b) the timing of violence monopolization relative to territory consolidation. The three pathways explain these variations. The port-driven pathway produces *large* countries, including colossuses combining city-ports, several regions

endowed with fertile land or mineral deposits, and a vast number of backward peripheries. In the port-driven pathway, territory consolidation and violence monopolization occur simultaneously. The party-driven pathway also creates large, multiregion countries, but it invariably generates a substantial temporal gap between territory consolidation and violence monopolization. The gap is the source of protracted civil wars. Finally, the lord-driven pathway differs from the other two in that it is inimical to the creation of multiregion countries. The lord prefers to consolidate a small country demarcated by the borders of his clientelistic network, which he protects either by seceding from a larger state or by resisting merger with neighboring regions. Like the port-driven pathway, the lord-driven pathway achieves territory consolidation and violence monopolization at the same time.

Conclusion

THIS IS THE END OF A LONG ROAD. It has covered two continents, fifty critical years in Latin American history, the creation of ten countries, and the failure of almost twenty. It is time to take stock and look at what lies ahead. This concluding chapter is divided into three sections. The first section summarizes the key arguments. The second highlights four contributions to the social sciences. Two are relevant for state theory and can be combined in the notion that the state has fewer functions but more institutions than is customarily acknowledged. The other two contributions are specific recommendations for the study of state formation and state building in Latin America. The third section proposes a new research agenda that turns from the causes of Latin America's political geography (the subject of Part 2) to its effects. Nineteenth-century state formation hides a master key to understanding some of the most pressing issues in contemporary Latin America, including low-quality democracies and economic backwardness.

Summation

State Formation against State Building: Latin America and Western Europe Compared

Forming a state is not the same as building state capacity. State formation involves essentially two processes: territory consolidation and violence monopolization. Building state capacity, or state building for short, involves the expansion of the government's ability to supply public goods in a fiscally efficient and territorially even fashion. The literature has tended to see state formation and state building as synonymous or concomitant processes.

The central message of Part 1 of the book is that some paths of state formation do not lead to state building, and a subset of them create durable obstacles to it. The only region where state formation and state building

advanced in tandem was western Europe in the early modern period, the crucible of first-generation modern states. Political scientists, sociologists, and historians who study state origins in early modern western Europe have for decades acknowledged that the pioneer process of state formation cannot be repeated in other parts of the world. Yet the development of a general theory of state formation and state building has proved elusive.

Contrasts in outcomes between the pioneer cases and the latecomer experiences have not been described with sufficient analytical precision, a shortcoming that has prevented the identification of the sources of variation. Differences between western Europe and other regions are often considered too large to be tractable. Theories of state formation in western Europe have given up the ambition of expanding the universe of cases to which they apply by implicitly adopting a large but usually vague number of scope conditions. Often, the scope conditions themselves are ill defined.

Seeking to build a general theory, the first part of this book drew a sharp distinction between outcomes in the modal cases of western Europe and Latin America and opened the black box of the scope conditions implicit in the canon of state-formation approaches. The Americas is the region that gave birth to the second generation of modern states. In Latin America, the contrast with western Europe with regard to final outcome is enormous. Proper analytical tools can describe the contrast in a productive way for scientific progress. Latin America succeeded at state formation but failed at state building because the former was incompatible with the latter. In both western Europe and Latin America, most centers of state formation consolidated national territories by incorporating peripheral areas. In the process of periphery incorporation, western Europe eliminated a vast array of local patrimonial oligarchies, whereas Latin America revitalized patrimonial bastions through economic subsidies, institutional immunities, and political privileges. Peripheral patrimonial rulers did more than survive state formation in Latin America. They formed a political network that came to occupy the full territorial extension of the emerging state. Latin American states were born with a built-in propensity to become large-scale patronage machines.

The conditions under which state formation occurs should not be relegated to the muddy terrain of idiosyncratic, area-specific forces. Whether state formation will be decoupled from state building crucially depends on

the international environment, which can be differentiated along two dimensions. From a geopolitical perspective, the most consequential contrast is whether the world is an anarchical society or is structured as a hierarchy topped by undisputed superpowers. In economic terms, the big difference is between cases that initiated and completed state formation under feudalism and mercantilism and those that began state formation when free-trade capitalism was already a global phenomenon. The international conditions surrounding state formation in western Europe and Latin America stand in opposite analytical quadrants of the two-dimensional space. *Pioneer* state formation can in fact be seen as the joint process of territory consolidation and violence monopolization when no other modern state had formed yet and when feudalism was the dominant mode of production and mercantilism the typical foreign economic policy. England, France, Prussia, Spain, and Sweden were unambiguous pioneers of state formation. In sharp contrast, the Latin American experience of state formation, which took place during the critical decades of the mid-nineteenth century, was initiated in a world already populated by at least a dozen modern states, in the context of a well-defined geopolitical hierarchy, at the pinnacle of which were Great Britain and France. Additionally, the process was simultaneous with the first global expansion of free-trade capitalism. State formation under the aegis of world superpowers and market capitalism is the purest form of *latecomer* state formation. Pioneer state formation is war-led state formation. Latecomer state formation is trade-led state formation.

The connection between initial international conditions and final outcomes is straightforward. In the pioneer cases, Darwinian geopolitical pressures presented state-formation centers with a drastic choice: form states and build capacity at the same time or perish at the hands of powerful neighbors. In the latecomer cases of Latin America, state-formation centers did not need to build efficient administrations. Both the *Pax Britannica* and global capitalism provided the incentives and resources to form states that were trade machines rather than war machines. State-formation elites in Latin America were able to derive torrential flows of revenue by creating a propitious business environment for the export sector. To initiate a virtuous circle between state formation and international trade, all they needed to do was to provide a modicum of pacification, which essentially meant preventing predatory attacks from backward oligarchies.

—0
—+1

State-formation elites in Latin America did not need to worry about international wars. Most of their neighbors were also pursuing foreign trade rather than territorial expansion, and in the rare case of a boundary dispute, the western European superpowers were available as international referees, a mechanism of conflict resolution conspicuously absent in the pioneer cases. Able to derive fiscal resources from foreign trade and exempted from geopolitical pressures, the centers of state formation in Latin America incorporated peripheral areas but did not transform their patrimonial rulers. Periphery transformation was both unnecessary and counterproductive. In the pioneer cases of western Europe, incorporation without transformation was a death sentence. In the latecomer cases of Latin America, on the contrary, incorporation without transformation was the most expedient strategy to join world capitalism. It allowed Latin American state-makers to take advantage of the window of opportunity opened by the surge in the international demand for primary commodities caused by the Industrial Revolution. If Latin American state-formation elites had followed the example of the pioneers and embarked on the eradication of patrimonial bastions, long civil wars would have followed, and the opportunities of international commerce would have evaporated. Patrimonial bastions were too poor compared to the export sector to justify efforts at state building. In exchange for peace, they demanded what at the time were minor concessions, including small subsidies, noninterference with local affairs, and representation quotas in national legislatures. Aggregated across the array of peripheral areas incorporated by each country and growing over time, the original concessions became insurmountable obstacles to state capacity.

*Size and Timing of Violence Monopolization:
Variations within Latin America*

If the distinction between state formation and state building is key to understanding the contrast between western Europe and Latin America, the analysis of variations *within* Latin America requires the disaggregation of state formation into its two basic components: (a) territory consolidation and (b) violence monopolization. Along the first dimension, Latin American states showed large variations in country size, which is a proxy for the number and diversity of regions combined in a single state. The pioneer

states in western Europe became roughly equivalent in size once their territories consolidated. Along the second dimension, a subset of countries in Latin America experienced a major temporal delay in the monopolization of violence after territory consolidation. The gap was always the source of protracted conflict, as a duopoly of violence pushed rival parties into a semipermanent state of civil war.

Part 2 of the book focused on these variations in the size of the territory consolidated and the timing of violence monopolization within Latin America. To account for them, a complementary approach to the same state-formation elites analyzed in Part 1 was introduced. Instead of viewing state-formation agents solely as market-makers—perfect representatives of the economic interests of the export sector—they were viewed also as *polity-makers*. Polity-makers pursued a professional agenda that, although compatible with export-led growth, was autonomous from the economic elites. They resorted to distinctly political instruments to achieve their goals. To explain the strategies of polity-makers, the focus shifted from international to domestic structures.

Three classes of agent, the *port*, the *party*, and the *lord*, set in motion distinct subpaths within the modal trade-led pattern that characterized Latin American state formation. Each agent can be seen as a distinct combination of similarities and differences in relation to the warrior in the baseline European model. When facing the incorporation of recalcitrant peripheries, a key instrument of state formation for all three agents was the formula of territorial governance, which could be confederal, federal, or unitarian.

All three kinds of agent, seeking to reach and remain at the pinnacle of political power, chose the size of the territory and adjusted the formula of territorial governance in order to maximize coalitional support. Choosing the size of a country involves momentous decisions about including and excluding regions. Yet such momentous decisions were made in service of a conventional goal: survival as a professional politician. The “conventionalization” of motives behind territory consolidation is Latin America’s distinct contribution to modern processes of state formation. It can be contrasted with the “extraordinary” politics of state formation in western Europe. In western Europe, geopolitical survival trumped all other motivations during territory consolidation. Western European state-makers could not afford the

luxury of calculating whether a newly incorporated periphery would provide extra coalitional support. All adjacent regions were useful annexations because their human and physical resources were badly needed for battle. Within a much less pressing geopolitical context, Latin American state-makers picked and chose what peripheries to incorporate. In particular, they could afford the dual luxury of excluding regions that would throw their support to a rival elite and of including regions that, despite being a fiscal burden, would expand their coalition. The extraordinary process of state formation in Latin America, then, was driven by ordinary political motivations.

State formation in Latin America created a few territorial colossuses several times larger than the largest western European country. All big countries were created through a port-driven or a party-driven process. Argentina and Brazil, the largest countries in Latin America, were formed by political entrepreneurs who brokered a master deal by which the port got the necessary political conditions and economic instruments for export-led growth and a vast array of backward peripheries obtained a share of political power and economic prosperity. Lords, on the other hand, created small or, at most, medium-sized countries. Lords chose the size that was coterminous with the spatial extension of the network of dependent clients. Lords in particular were responsible for the breakdown of large-scale projects of state formation, like the United Provinces of the River Plate (union of Argentina, Paraguay, and Uruguay), Gran Colombia (Colombia, Venezuela, Ecuador, and Panama), the Peru-Bolivian Confederation, and the Federation of Central America.

The party-driven path is distinctive in that it creates a major temporal gap between border demarcation and violence monopolization. In the first decades after independence, partisan competition induced rival parties to search for allies outside their own locality. Unintentionally, party formation created political linkages among otherwise disjointed regions. Party formation preceded, and caused, territory consolidation in Mexico, Colombia, and Uruguay. After stabilizing the political arena, the rival parties remained hybrid political organizations, half electoral machines and half partisan armies. The resulting duopoly of violence caused civil war, open or latent. It took decades of human and material destruction for one party to inflict a decisive victory on the other, as with the case of Mexico, or for both parties to find a

mutually agreeable mechanism of power sharing, as happened in Colombia and Uruguay.

Contributions

State Theory

The creation of Latin American countries produced *less* than state building but *more* than state formation. The persistent deficit in state building, as reflected in the chronic lack of capacity or incentives of Latin American governments to provide public goods, challenges the conventional wisdom about the state's fundamental interests and actions. The main lesson of comparative state formation in Latin America is twofold: state theory should be purged from *functionalist biases*, which are still present even in the most sophisticated studies of state authority; and, instead, it should adopt an *institutional perspective* as a necessary complement. In other words, state theory needs fewer functions and more institutions. On the one hand, the fact that Latin American state formation was uncoupled from state building gives new credit to the old but buried Weberian claim that states perform *no specific function*. On the other, the fact that states in Latin America were not the only outcomes of state formation, which also included the creation of macropolitical institutions like the formula of territorial governance, undermines the dominant sequential vision of political development. According to this vision, states emerge first, and then, in a subsequent phase, political institutions follow. States and key macropolitical institutions are *joint creations* of the state-formation process. In this section, the recommendation of a state theory with “fewer functions” will be justified first. Then the promise of a state theory with “more institutions” will be explored.

Fewer Functions. According to James C. Scott, “projects of administrative, economic, and cultural standardization are hard-wired into the architecture of the modern state itself.”¹ Can Scott be wrong? The *Oxford English Dictionary* defines “hard-wiring” as “mak[ing] a function a permanent feature in a computer by means of permanently connected circuits, so that it cannot be altered by software.”² Scott’s exquisite work on authority is not precisely a representative sample of conventional theories of the state. Yet the fact that even Scott sees the state as being “hard-wired” for “standardization”—itself a

—0
—+1

prelude for more intense functions of central domination—shows how deeply rooted some key assumptions about the nature of the state are across the social sciences, policy circles, and public opinion. Scott's standardization strongly overlaps with classical Weberian claims about "bureaucratization," the nearly forgotten concept of "state penetration" developed by the first theorists of political sequencing, and the more recent notion of "capacity building" as popularized by Francis Fukuyama.³

Political arguments that assume that states have "functions," especially if the functions are viewed as permanent, universal, or "hard-wired," are wrong. Scott's statement is the twenty-first-century version of a fundamental claim advanced by an influential lineage of political analysis that traces back to Otto Hintze in comparative politics and Hans Morgenthau in international relations. The claim is that states are always and everywhere "territory-maximizers." Territory maximization means two things: to make the area under the state's control as large as possible and to make the control over the state's area as intense as possible. The former involves "geographic expansion," whereas the latter involves "capacity building." A sophisticated version of the claim combines both meanings by portraying the state's maximization problem as one focused on producing the optimal balance between extension and intensity of territorial power. Territory maximization is constrained only by the capacity of foreign powers and domestic economic classes.

Part 1 of this book shows that no state project is universal, permanent, or "hard-wired." State-makers in Latin America were emphatically not territory maximizers. They did not care about the physical size of the national political arena, nor did they worry about "standardizing" institutions across the state's territory. In Latin America, state formation was not only decoupled from state building. It also created persistent and strong obstacles to the development of state capacities. The claim that "standardization" is "hard-wired into the architecture of the modern state itself" is a mistaken generalization. Low capacity was a birth defect of Latin American states, and, if anything, it was an obstacle to the supposedly "hard-wired" standardization. Proximate causes of state weakness in Latin America can be divided into two groups: bureaucracies that lack the fiscal and human capital to develop infrastructural power and politicians who are unwilling to use public office to provide public goods instead of securing partisan or private bene-

fits. When new politicians emerge with an explicit agenda to change old habits, they encounter anemic bureaucracies that cannot rise to the challenge, or more frequently, they discover that electoral survival and everyday governability requires clientelism and patrimonialism to persist.

Both proximate causes, the lack of bureaucratic power and the absence of political will, have deep historical roots. They were shaped during the critical decades of state formation in the mid-nineteenth century, when commerce rather than war drove the creation of Latin American countries. Profiting from a boom in international trade was much less demanding with regard to capacity building than securing international sovereignty was. The consequence was a second-generation state born without the functionality of the first generation.

The criticism of the modern state's allegedly universal instincts—including territory maximization and political standardization—should be more radical. Paradoxically, a radical criticism requires a return to Weber's basic definition of the state. Pointing out that "security maximization," "penetration," and "bureaucratization" are not universal functions of the state is a necessary clarification, but it is not enough. States may perform no function at all and still be states. More precisely, the state cannot be defined by any specific function. The key stylized fact in Weber's conceptualization of the state is that there is no single goal—from warfare preparation to welfare expansion, from the support of arts and sports to the incubation of scientific and industrial conglomerates—that at least some state has not performed at some point in time. And vice versa: there is no single goal that all states have pursued all the time.

The conclusion for Weber was a minirevolution in concept formation. States cannot be defined by their goals. They can be defined only by the specific means by which they pursue whatever goals any particular government might want to pursue. The means that defines the state is the territorial monopoly of violence. Other than that, no universal attribute, much less function, is shared by all states.

More Institutions. In the analysis of pathways in Latin America, state-formation agents, whether ports, parties, or lords, were depicted as polity-makers. To achieve territorial consolidation, they bargained with state-takers and state-breakers. In the bargain, state-formation elites made concessions

that created a range of complementary macropolitical institutions, most formal and some informal. The additional institutional package was an integral part of the very process of state formation—no institutional concessions, no state. States and institutions are *joint* creations. A “polity” is the entity that combines, on the one hand, the attributes of the state—a consolidated territory and the monopoly of violence within it—and, on the other, the package of additional institutions required for state formation to be successful. In Latin America, the package included the formula of territorial governance, rules of power sharing, political parties, and patronage arrangements.

In Argentina, Brazil, and Mexico, the three territorial colossuses, as well as in Colombia, a fundamental institution was the *formula of territorial governance*. The formula was the master political institution for making the emerging territorial union agreeable to all the regions that would become the subnational units in the new state, including both the center and the peripheries. Argentina and Mexico would never have formed if the center had not agreed to federalism. Even cases of state failure, like Gran Colombia and the Central American Federation, highlight the effects of the formula. Gran Colombia could have remained united had Bolívar not insisted on imposing a unitarian formula and instead agreed to a power-sharing arrangement between Caracas and Bogotá. The Central American Confederation would have survived if, rather than experimenting with a loose confederal formula, it had attempted a federal union that allocated more power to the central state.

In the three cases of party-driven state formation—Mexico, Colombia, and Uruguay—parties were pre-state organizations without which territorial consolidation would have not occurred. Moreover, since in Colombia and Uruguay territory consolidation was followed by a *duopoly of violence*, a peaceful polity emerged only when the two dominant parties agreed to a formula of power sharing. Coincidentally, the formula was minority representation through the “incomplete vote,” a deviant form of proportional representation. Mexico did not need proportional representation because one party defeated the other in a decisive civil war.

In all cases where state-breaking or state-taking lords were an active part of the state-formation process, another component of the additional package was the arrangement by which the center—a port, a lord, or a party’s central oligarchy—committed to concessions reinforcing patrimonial

bastions in the peripheries. Concessions included economic subsidies, political devolution, or a combination of both. Patrimonial arrangements became part of the polity. Key to state formation, they were an obstacle to state building.

Adding the institutional arrangements that make possible territory consolidation and violence monopolization provides new insight into the contrast between western Europe and Latin America. The Venn diagram in figure 11.1 represents the comparison of outcomes resulting from war-led state formation in western Europe and trade-led state formation in Latin America. The intersection of the two sets is the state-formation *core*, territory consolidation and violence monopolization. In western Europe, state formation was part of a process that also included state building. In Latin America, state building was excluded, but key macropolitical institutions were joint creations.⁴

Latin American Political Development

This book makes one contribution to classical debates on Latin American political development and another to recent scholarship on variations in state capacities within the region.

State Formation as a Critical Juncture. The first contribution is that state formation was the master critical juncture in Latin American history. This contribution has two aspects. First, it provides a new periodization that locates the birth of Latin American states—and the emergence of Latin American modern political geography—in 1845–75. The implication of the new periodization is that the transition from independence to state was not *automatic*. Quite the contrary, independence opened a number of possible developmental paths, each providing every country in present-day Latin America with a number of viable alternatives. Alternatives could have either fragmented the country into smaller states or subsumed it into a larger territorial unit. The period of Independence (1808–25) was followed by a period of Failure (1825–45), and the period of Failure was marked by warlordism, secessionism, failed projects of territorial conglomeration, and border fluidity. The open-ended nature of the Failure period, with its viable counterfactual states—some of which were only a few political contingencies away

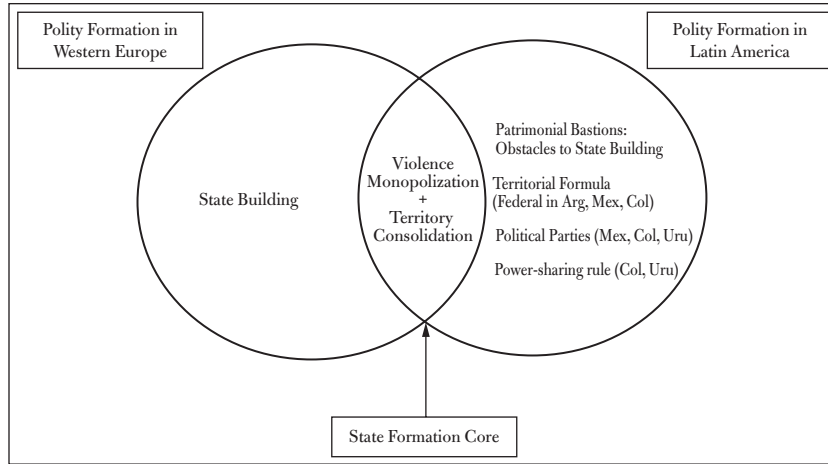


Figure 11.1. Polity formation in western Europe and Latin America

from becoming a permanent reality—should radically change how the history of individual countries is told. For good political reasons, which naturally have nothing to do with analytical rigor, national historiographies are narratives strongly biased by “retrospective determinism”: in the mild version, Argentina, Brazil, Colombia, Guatemala, Mexico, Peru, and Venezuela are nearly inexorable outcomes of the independence wars; in the severe versions, which uniformly dominate high school textbooks, the countries were already “actors,” usually nations, at the moment of independence and went to war to add political sovereignty to the preexisting sociological entity. Nations did not exist in Latin America in 1810. Moreover, they did not exist in the mid-nineteenth century. The agents of state formation were pre- or subnational actors: ports, parties, and lords. Their motivation was power maximization rather than cultural identity. Nations, together with national historiographies, were created decades after state formation was completed.

The second aspect of considering state formation a foundational period is that the creation of Latin America’s political geography in the mid-nineteenth century becomes a possible root cause of several structural problems in the region—including political dysfunctionality and economic backwardness (discussed in the last section of this chapter). A key lesson from the book is that the study of Latin American politics and society has most likely attributed too much weight to colonialism and its legacies. Colo-

nial political units in Spanish America were four viceroalties. In Portuguese America, they were about a dozen captaincies. The modern political geography of Latin America could not be more different from the colonial map. Even if Portuguese America is taken as a single political unit, the colonial jurisdiction did not exempt mid-nineteenth-century Brazil from the most severe secessionist crises, which could have created a radically different political geography.

The joint effect of the periods of Independence and Failure was an irreversible erosion of the colonial legacy. The independence process in Spanish America was in fact revolutionary. It destroyed the vast majority of the social, economic, and political institutions implanted by Spain. During the period of Failure, warlordism further undermined the residual colonial legacy. Warlords were an unintended but powerful force unleashed by Spanish American revolutionary leaders. Their actions wiped out the borders of colonial units. They created minisovereignities. They opened the region to a range of new possibilities with regard to territorial combinations.

In the mid-nineteenth century, politics in Latin America was essentially about dealing with two novelties: on the one hand, the ruralization of power caused by the independence process (the legacy of the Failure period, as analyzed in Chapter 2); on the other, the globalization of free-trade capitalism under the *Pax Britannica* (discussed in Chapter 3 as a Commercial Revolution). For Díaz in Mexico, Mitre in Argentina, Páez in Venezuela, and Pedro II in Brazil, rural warlords, elections, and international commodity prices were much more pressing issues than were old colonial structures, most of which were already extinct.

The colonial legacy in Latin America should be deemphasized but not ignored. In the process of state formation, the colonial legacy did have a distinct impact on the party-driven process, one of the three pathways of territory consolidation. Regions that generated more institution building under the rule of the Iberian metropolises, like present-day Mexico, Central America, Colombia, Peru, and coastal Brazil, shared a cluster of five attributes on the eve of independence: a dense network of cities, a rentier aristocracy, a strong church, large contingents of repressed labor, and a robust system of corporate privileges (from monopolistic rights to judicial immunities). Clear connections are discernible between the level of institutional development during the colony and the emergence of a Conservative-versus-Liberal cleavage after independence. Yet the Conservative/Liberal cleavage was

—0
—+1

neither a sufficient nor a necessary condition for party-driven state formation. The cleavage played a role in state formation only in Mexico and Colombia. In Mexico, the rivalry was about whether colonial privilege should be preserved. In Colombia, it was about how fast colonial privilege should disappear. In Peru and Central America, the nascent Conservative/Liberal cleavage was erased by rural lords, political conflict morphed into a civil war between virtually identical protection rackets, and eventually one of the warlords gained undisputed supremacy. In Uruguay, the third case of party-driven state formation, parties emerged not as a response to colonial institutions, which were virtually nonexistent, but as rival factions of the independence army. Hence, the impact of the colonial legacy on the process of state formation exists, but it is tenuous and limited to two cases (Mexico and Colombia).

State Building in Latin America. Scholarship on state capacity in Latin America will benefit from a focus on state formation. Divergences in the state-formation process explain big variations in capacity, like the one that separates the French state from the Ecuadorean one. Low capacity in Latin America is the durable legacy of the three variants of trade-led state formation. In the port-led and party-led variants, the center incorporates patrimonial peripheries but does not transform them. In the lord-led variant, the center itself is patrimonial. Work on variations in state capacity in Latin America has explained small differences in capacity, like the one that separates Chile from Peru. Explanations of small variations between cases are important, but their value can be enhanced if put in proper comparative and historical perspective. Higher state capacity in individual Latin American cases has to be understood as a deviation or an exception from a general pattern of state weakness. Several authors rightly highlight that Chile has the most capable state in the region. Yet the main source of Chile's capacity is not social structure, institutional design, or elite ideology. The main source is that Chile, in its formation, incorporated no patrimonial peripheries. Along this dimension, Chile is not different from Uruguay and Costa Rica. It is useful to view the three cases as exceptions to the general pattern caused by the absence of periphery incorporation. They are the only small countries that were not formed by rural lords. In other words, the centers in Chile, Uruguay, and Costa Rica were not patrimonial, and they had no patrimonial peripheries to incorporate.

Relatedly, the very process by which a country was created in the mid-nineteenth century has constrained the success of twentieth-century state-building projects. Political scientists who overlook how the countries they study were formed miss an important source of the political and economic dynamics within them. In most Latin American cases, state formation was decoupled from state building. Hence, when well-intentioned politicians initiate efforts at state building, they repeatedly find that the legacy of state formation has set strong limits as to how much can be done. The limits are rooted in the specific combination of regions that was consolidated during state formation and the institutional concessions to peripheral rulers, including the formula of territorial governance, that made the combination possible.

A New Research Agenda: The Political and Economic Effects of Latin America's Political Geography

To the best of my knowledge, this is the first book focusing on the *causes* of Latin America's modern political geography. What about the *effects*? They are political and economic.

Political Effects

The "low quality" of Latin American democracies has inspired some of the most vibrant research agendas. Guillermo O'Donnell's last essays have been the source of fundamental ideas about how to approach the study of Latin American political institutions, formal and informal, national and subnational. Research has largely confirmed the existence of two major deficits in Latin America's democracies. One is the recurrence of episodes of presidential concentration of power at the expense of the other branches of government. Presidential concentration makes the policy-making process less *representative*, as legislators of opposition parties are deprived of a meaningful voice. It also makes the process less *transparent*, as weak courts cannot monitor the behavior of presidents, who thereby face few obstacles to using public power for partisan or private gain. The other deficit is the high incidence of subnational authoritarianism. Since the return of democracy in the 1980s, with few exceptions, presidents in Latin America have not abolished political competition at the national level. Yet, at the subnational level, many

governors have done so. In Argentina and Mexico, a robust fact is the discrepancy between the democratic score of the national political regime and the average score of democracy across subnational regimes.⁵ The latter is substantially lower due to persistence of provincial hegemonies, wherein the governor undermines the opposition by deploying a range of strategies, including intimidation of independent journalists, co-optation of provincial judges, and large doses of clientelistic control, usually financed with central resources that the governor obtains in exchange for electoral and coalitional favors.

This book suggests that “low quality” is less an attribute of the regime than of the state. In fact, it would only be a small exaggeration to claim that Latin American democracies are of the highest quality possible *given* the strong constraints imposed by the patrimonial nature of the state they inherited from the nineteenth century and the dysfunctionality of many territorial combinations. Presidential concentration is often a response to economic and fiscal crises. Such crises are largely a reflection of the fact that the state is a large-scale patronage machine. Chronic deficits and resource misallocations are permanent state features. Presidential concentrations are roughly as frequent as *presidential bankruptcies*, major episodes of ungovernability in which the president abandons office when faced with intractable problems. From the Andean countries to Argentina and Brazil, ungovernability derives from states that do not have the capacity to provide the public goods expected by the electorate: water, safety, transportation, health, and monetary stability.

Provincial authoritarianisms are not “enclaves,” as some extreme versions of the subnational comparative method would portray them. The survival of nondemocratic governors depends on the exchange of mutual favors with the federal government. They are part of a larger system, not an isolated, self-contained entity. As shown by Edward Gibson’s pioneering work, authoritarian provinces contribute “peripheral support” to electoral and governing coalitions pursuing large-scale policy change.⁶ Such coalitions are unimaginable outside the peculiar internal political geography that characterizes countries like Argentina, Brazil, and Mexico. From their very foundations, large countries in Latin America combined a few dynamic centers with a vast array of patrimonial bastions. The territorial formula reinforced their local power and granted them a share of national power.

Subnational authoritarian rule, coupled with patrimonial provincial administration, seems a natural consequence.

A promising area of new research is the study of long-term trajectories of peripheral patrimonialism and the impact on national politics. Over the course of 150 years, peripheral patrimonial bastions adapted to changing circumstances, including the rise of mass politics in the metropolitan center, various forms of economic adjustment, and commodity booms. How did patrimonial reproduction happen? It seems safe to adopt the assumption that peripheral patrimonialism never lost its political appeal to the center. It is an inexpensive source of support. Research should then focus on how the exchange between central rulers and peripheral political elites evolved over time.

Economic Effects

In Latin America, income per capita, the standard measure of material prosperity, is five times higher than in tropical Africa but five times lower than in the advanced economies of the North Atlantic. If we applied the economists' distinction between geography and politics as opposite fundamental factors of long-run development, a simple but powerful picture about what causes explain what part of the variation would emerge. Geography would explain why Latin American economies are ahead of the African ones, whereas politics would explain why they are behind those of the United States and western Europe. All relevant geographic factors in South America, including proportion of fertile land, number of navigable rivers, and disease environment, are far superior to those in Africa. By contrast, political factors, including state capacity, types and stability of public institutions, viable political coalitions, and social and economic policies, are far inferior to those in western Europe and North America.

What the picture based on the geography-versus-politics distinction misses is the crucial role of a hybrid combination, namely, *political geography*. Some countries in South America could have followed the economic path that Australia and New Zealand initiated in the mid-nineteenth century. Such a path was not followed because of the way in which national boundaries were demarcated, or what this book has defined as *territory consolidation*. The path had two key legacies: on the one hand, the creation of three

—0
—+1

territorial colossuses, Argentina, Brazil, and Mexico, that were *dysfunctional combinations of subnational economies*; on the other, the emergence of smaller countries that were not powerful enough to become the engine of development for Latin America as a whole. Even though some small countries originally had viable economies, as was the case of Chile and Uruguay, they were in fact hurt by the dysfunctional economic nature of their giant neighbors.

The national territories of Argentina and Brazil in particular included vast economic areas for which international trade promised enormous material rewards. The Pampa Húmeda of Argentina (similar to the American Midwest in size and natural productivity) and the Paraíba Valley in Brazil (the undisputed world leader in coffee production) would under most circumstances be sources of growth with enough power to create a prosperous continent. However, both subnational regions were united in the same country with a larger backward periphery that thwarted the path toward prosperity.

The interaction between the regional economies within each country can be characterized as *anti-Pareto*. Depending on the results of territory consolidation, the political geography of a country will determine whether the component regions hold a *Pareto relation* among them (they all benefit), a *parasitic relation* (some benefit at the expense of others), or an *anti-Pareto relation* (all lose). No theory has predicted the emergence of countries as perverse, anti-Pareto combinations, let alone explored its effects. In the anti-Pareto countries, the periphery, through political means, including institutionally protected transfers of rents for local patronage, becomes an insurmountable burden for the development of the center. The center, through unintended economic mechanisms, including the “Dutch Disease,” prevents the peripheries from finding a comparative advantage that would help them upgrade their development chances.⁷

A dysfunctional territorial configuration not only caused the failure of Argentina and Brazil to fulfill their takeoff potential as individual countries. Because of their continental influence, the dysfunctional colossuses also contributed to the underdevelopment of all South America. If Argentina and Brazil did not become Australia, Chile and Uruguay did not become New Zealand. Both Chile and Uruguay had similarly productive core areas, the Central Valley and the agricultural hinterland of the Montevideo city-port, respectively. However, these areas were too small compared to the Argentine Pampas or the Brazilian Paraíba Valley to play the role of South

American dynamo. Eventually the small economies, especially Uruguay, suffered from recurrent economic crises that originated in their giant neighbors. Regional economies outside the Southern Cone of South America lacked the natural endowments with which to initiate sustained economic growth. Hence, two specific subnational economies, the Argentine and Brazilian peripheries, had extraordinary repercussions. Their perverse effects scaled up from a purely local dimension to a continental one. They stalled the two national economies with the potential to lead the entire region toward sustained economic development.

An imaginary South American country combining the Argentine Pampa Húmeda, the entire territory of Uruguay, and the state of Rio Grande do Sul in Brazil—all three were world leaders in the production of cereals and cattle—would have been an economic powerhouse similar to Australia, and it would be free from the drag of a backward periphery. That area is a natural topographic region, the landmass corresponding to the River Plate basin. The Australia of South America, although fictional, illustrates how important borders and the associated composition of national economies are for long-term development. The fact that large countries in South America are economically dysfunctional combinations of subnational units and the fact that small countries lack the factor endowments to change the developmental fate of the continent are both a direct outcome of territory consolidation during state formation.

The common wisdom in political science, economics, and history is that Latin America's relative backwardness can be traced either to *colonial rule* prior to the 1800s (extractive institutions created for the benefit of Spanish and Portuguese conquerors) or to the rise of *mass politics* in the 1940s (dysfunctional institutions created in the context of labor mobilization). By focusing on state formation in 1845–75, this book has offered a complementary perspective that emphasizes a chronologically intermediate historical source of economic backwardness. A number of key institutional and economic malfunctions can be traced to the process of state formation. Chances to change the long-term economic and institutional course of Latin America were never as high as they were in the mid-nineteenth century, but they had already vanished by the early twentieth century.

The long-term economic effects of Latin America's political geography are the subject of my next book.