



PROGRAMA
INTERUNIVERSITARIO
de
HISTORIA POLÍTICA



Guiding the Invisible Hand

ECONOMIC LIBERALISM
AND THE STATE
IN LATIN AMERICAN
HISTORY

Edited by
JOSEPH L. LOVE
and
NILS JACOBSEN

8236

PRAEGER

New York
Westport, Connecticut
London

ARGENTINA: LIBERALISM IN A COUNTRY BORN LIBERAL

Tulio Halperín Donghi

The earliest articulation of a specifically Argentine version of Spanish American liberalism dates from the long years of conservative hegemony between the first liberal wave of the 1820s and the more vigorous and durable midcentury liberal renaissance. In the Argentine provinces that reaction had brought about Juan Manuel de Rosas's rise to power, but the political and administrative style of this formidable ruler was too idiosyncratic for his regime to be classified as one of the successful conservative experiments, among which Diego Portales's Chile took pride of place as the model country of Spanish American conservatism. The Rosas dictatorship (much like those of José Gaspar Francia in Paraguay and of Rafael Carrera in Guatemala) was instead considered exceptional and, after 1840, when he introduced terror for political control, as an indefensible political aberration. It was with this regime that the forerunners of the second liberal wave, who in 1838 had proclaimed themselves the Young Generation (Esteban Echeverría, Juan Bautista Alberdi, Juan María Gutiérrez, and Vicente Fidel López, among others), first tried unsuccessfully to come to terms and from which most of them were forced into exile since the early 1840s.

This national experience made the opposition between liberals and conservatives a less central feature of political life in Argentina than it was (or was soon to become) in most other Spanish American countries. The liberal-inspired contributions to social and historical analysis and criticism in Argentina during the middle years of the nineteenth century, not surprisingly, reflected this somewhat different background. Admittedly, Argentine writers were as eager as most other

Spanish American liberals to expose the many social, political, and cultural shortcomings inherited from the colonial past that still weighed heavily on their country. To mention the most obvious example, *Civilización y Barbarie* (1845), published by Domingo Faustino Sarmiento during his Chilean exile and the most durably successful of the works of this ideological persuasion in all of Spanish America, went further than most in stressing that it was in Argentina's past, and in its tainted legacy, that the causes of its current predicament were hidden.

Even at that early stage, however, a subtle difference could be detected between his depiction of that past and those found in Francisco Bilbao's *Sociabilidad chilena* or in J. V. Lastarria's thesis submitted to the University of Chile, *Investigaciones sobre la influencia social de la conquista y el sistema colonial de los españoles en Chile* (both works were published in 1844). In Sarmiento's view, Argentina's ills owed as much to its short revolutionary experience as to its colonial past, and as for the latter, what made its legacy so damning was not so much the influence of a stagnant and archaic metropolis as the legacy of three centuries of primitive frontier life, itself a consequence of a Spanish presence too tenuous to exert a decisive influence on the vast expanse of the pampas.

While Sarmiento was no more partial to the model on which Spain had tried to mold its overseas offspring than its liberal critics from Mexico to Chile, in his opinion its influence on postindependence Argentina was more limited than on other neo-Spanish countries. This partially different diagnosis was reflected in a different emphasis when Sarmiento proposed a cure for national ills: while Chile was crushed by the legacy of the past and desperately needed to eradicate it, Argentina was an almost empty historical stage; what it demanded from its political redeemers was the wholesale importation of all the elements of civilized life, starting with the population, whose sparseness was at the root of the country's predicament.

In the more optimistic climate created by the overthrow of Rosas in 1852, what had begun as a different emphasis soon developed into a claim to Argentine historical exceptionality: thus for Bartolomé Mitre—the political and ideological disciple of the *antirosista* exiles and the man who was to become the founding father of modern Argentina—the task of the Argentine liberals could not be that of cancelling the legacy of the past. On the contrary, their triumph reflected the ideological coming of age of a country finally ready to discover in the liberal creed the distillate of the spontaneous convictions developed in its collective wisdom during its whole historical experience.

Part of the explanation of this growing divergence from the Spanish American norm can be found in the ideological context in which the Argentine version of the liberal revival had developed. While in most of Spanish America it emerged under the stimulus of the revolutionary hopes of 1848, in the River Plate a revised liberalism had already surfaced ten years earlier, under the more ambiguous auspices of the 1830 revolution. That event had broken the hegemony of Restoration ideologies in continental Europe, without, however, offering any radical

alternative to them. Equally important, when 1848 erupted, the members of the Argentine Young Generation were veterans of ten years of obstinate but hapless political struggle. True, they momentarily allowed themselves to be swept up by the wave of ideological radicalization that followed the European upheaval throughout Spanish America. But as soon as the 1848 revolutions ended in crushing defeats, they were to hasten back to moderate positions.

They were then better able to understand that in a world in which reaction was again triumphant, liberalism could not survive as a revolutionary creed of national death and transfiguration, but as the political expression of forces already dominant in society, whose aspirations it intended to fulfill. It was this that Mitre meant when he argued that in post-Rosas Argentina—a country that had finally discovered the hidden meaning of its whole historical experience and knew that it had been born liberal—liberalism was the only possible conservatism.¹

The rise of an Argentine version of liberalism that diverged on essential points from the one preferred in most of Spanish America thus owes much to the circumstances of world politics and even something to opportunistic considerations. But it does not necessarily follow that the claim that Argentina is somehow different is only a convenient figment of the Argentines' ideological imagination, rooted in a systematic (if perhaps not totally willed) self-delusion. Even the most stylized and ideological images of the past incorporate recognizable features from that past. And if the concept of the nation's past that found in Mitre its ablest defender was so quickly incorporated into the conventional wisdom of his fellow Argentines, it was not only because it flattered their national pride, but also because they discovered in it a reasonably faithful description of the country they had learned to know by living in it; moreover, it offered a credible explanation of why it had come to be what it was.

This explanation was to be provided in careful detail in Mitre's historical writings. In his view, Argentina's historical experience diverged from that of the rest of Spanish America in that the lack of mineral resources and vast masses of sedentary Indians made it impossible to build on the banks of the River Plate the kind of "feudal" societies that emerged in Mexico and Peru (and even, thanks to a triumph of the will against unpropitious circumstances, in Chile). In the inhospitable Platine lands, universal destitution created a rough economic equality, and the instinctive democracy (*democracia genial*) of frontier life left its mark on both lifestyle and social relations. Thus, instead of the ruins of an obsolete social order, the Argentine past offered the spare but healthy foundations for the liberal civilization that it was the country's manifest destiny to build on the unpromising soil of Spanish America.

Again, it is not difficult to discover the ideological bias behind this stylized and simplified rendering of a complex and contradictory historical experience. Not a few among Mitre's contemporaries, and on occasion Mitre himself, denounced the land tenure regime in the pampas as at least partially "feudal," by which they meant essentially that too much land was in the hands of too few

landowners. But in his evocation of the infancy of a nation born liberal, Mitre carefully avoided the question of how this deplorable situation could be part of the legacy of a colonial experience placed under the sign of social equality.

According to him, Argentina was at the same time blessed with a past untainted with feudal influences and yet suffering from the feudal residues inherited from that past: the conclusion is so clearly self-contradictory that the temptation is strong to dismiss it as mere nonsense. This would, however, be a mistake: if nothing else, it gives a precise indication of where, in the opinion of the protagonists of the Argentine liberal renaissance, lay the difference between their country and the rest of Spanish America.

That difference was not to be found in the Argentines' blueprint for social and political reform. As much as in Mexico or New Granada, its core element was a radical restructuring of rural society around a new class of independent freeholders, which would provide the social base for a truly liberal political order and one for the full integration of the national economy into the world market. In Argentina, the incorporation of this ideal into the conventional wisdom of the political class and of public opinion proceeded more smoothly than in most Spanish American countries. This fact was reflected in the frequent denunciations of the feudal remnants of the colonial past, as a corollary of the commitment to radical social change in the countryside.

Mitre was then right in arguing that Argentine liberalism's unexceptionably conservative inspiration didn't make it any less uncompromisingly liberal than its counterparts in other Spanish American countries, as far as its long-term objectives were concerned. But these objectives had a very peculiar place in the world of ideas of the midcentury liberals. They offered little more than a projection into a remote, utopian horizon of demands that, once implemented, were to achieve effects far short of the wholesale social redemption they prophesied. Seen in this light, the radical agrarian motif recalls the more utopian visions of the Bourbon reforms, in that in both cases it provides a lofty ideological justification for more self-serving and conceivably more easily achievable objectives: for the eighteenth century reformers such aims were the economic and social unification of the lands ruled by the Catholic King; for the nineteenth century liberals, as Joseph Love reminds us when defining the themes of this volume, they consisted in the freeing "of economic activity from all constraints on the market" and the promotion of "the international division of labor through the alleged complementarity of parts of the world economy (given their differing factor endowments)."²

There was an additional element of continuity between the utopian horizons of the Bourbon reforms and those of mid-nineteenth-century liberalism, namely that the rural emphasis shared by both reflected a common conviction that the main stumbling block for Spanish American progress was to be found in the countryside, and more specifically in the control of land by ecclesiastic and secular corporations. First among the latter, of course, were the Indian peasant communities, those bulwarks of routine-bound agriculture and indifference to

profit. While this liberal concern found its benevolent expression in an ideology of economic liberation and in legislation aiming at the metamorphosis of the routine-bound peasants into dynamic farmers,³ the fact that it resulted mostly in a shift from peasant to hacienda commercial agriculture confirms that here again the main objective was to open yet another sector of the economy to the beneficent impact of market forces, much to the advantage of those who were assumed to be more alert than the traditional peasantry to the opportunities created by a quickening world economy.

On this point the really significant difference between Argentina and the rest of Spanish America does not lie in the fact that Argentina went farther in the implementation of some portions of the liberal agrarian program.⁴ What was radically different about Argentina could instead already be found before that expansion had even started: if European immigrants were called to colonize the pampas under conditions that made this outcome possible, this fact in turn owed to the lack of a local peasantry whose dispossession might otherwise have offered both the land and the labor base for a different style of agricultural expansion, closer perhaps to that of the Chilean Central Valley.

Was this so because, as Sarmiento had stated in 1845, Argentina, far from being crushed by the heritage of the past, was an orphan of history, indeed little more than a void to be filled, or, to restate the argument in the more optimistic terms later preferred by Mitre, because Argentina had been liberal since its birth in the sixteenth century? Not quite: it was rather that, as Mitre was ready to recognize when following his historian's instincts rather than his ideological agenda, while there was no way of proving (or for that matter disproving) that an unconscious liberal influence had already been at work since the earliest stages in the history of the River Plate, the transformations that had prepared Argentina to identify so deeply with the liberal view of the world did in fact predate 1848 and even (if not by much) the struggle for independence.

The restructuring of the Spanish empire by the Bourbon reforms had created an administrative and military center in Buenos Aires in 1776 and had ensured its financial and mercantile supremacy over the heterogeneous territories included in the viceroyalty it governed. When the opening to foreign trade inaugurated a new economic era, the accumulation of resources in that center was to sustain the quick expansion of cattle raising in the Buenos Aires district: by 1830 that district, which of course included the port through which all the overseas trade of the country was transacted, also contributed more than two-thirds of the exports for that trade.

Despite these changes, as late as 1810 all of the riverine lands that could take advantage of the opportunities created by free trade harbored just a quarter of the population of the future country, while three-quarters lived in the interior, under conditions that had more in common with those of the "feudal" societies of much of Spanish America than with the rough-and-ready frontier life of the littoral.

But the economic marginalization of the interior (effected in some branches

of its economy by the Bourbon reforms and generalized by 1809) led to political marginalization, finally achieved when the more powerful armies of relatively affluent Buenos Aires imposed a crushing defeat on the dissident anti-Rosas provincial movements of 1840–42. These events made the Argentine interior politically irrelevant, even if by the midcentury more than half of the scanty national population was still located there.

Revealingly, in the press campaign Florencio Varela launched in 1846, while in exile in Montevideo, to rally provincial opposition against the hegemony of *rosista* Buenos Aires, he called for free navigation of the rivers of the Plate system by foreign vessels. Yet he readily admitted that this salutary reform had nothing to offer to the interior provinces: "It is obvious," he tersely stated, "that no political and economic system can fully overcome the disadvantages born of nature. The provinces locked up in the heart of the Republic, like Catamarca, La Rioja and Santiago, no matter what concessions are granted them, can never progress in the same proportion as Buenos Aires, Santa Fé or Corrientes, situated on navigable rivers. But these differences are not offensive, because they are not the effect of the injustice of men, but rather the work of nature itself: It is not them of which we are speaking."⁵ For all Varela's legendary intellectual integrity, his easy dismissal of the ambitions of the interior provinces also reflected his conviction that they had lost whatever ability to influence political developments they might have enjoyed in the past.

The Argentina that really counted was made up of Buenos Aires and the other riverine provinces (one of which, Entre Ríos, led the decisive attack against Rosas and the stifling Buenos Aires hegemony he had imposed, an enterprise that was by then clearly beyond the collective capabilities of the landlocked provinces). In this Argentina the liberal program, which proclaimed that nothing less than a social revolution was needed to achieve full integration into the world market, suffered not from any excessive audacity, but from its obvious irrelevance. In terms of per capita value of foreign trade, in 1825 Buenos Aires province was more closely integrated into the world market than the United Kingdom.⁶ By 1850 the yearly volume of imports of the lowest quality of British cotton cloth amounted to a per capita consumption of forty yards for all Argentina (including the comparatively isolated interior); no doubt most of this avalanche of "cotton white and plain" found its outlets in the littoral.⁷

But even before this massive invasion of overseas goods started in 1809, the River Plate area already relied almost completely on long-distance trade, in which, to be sure, the intercolonial traffic in Andean textiles played the dominant role. On the eve of the opening to overseas imports, Hipólito Vieytes, a disciple of the new economic doctrines, remarked that rural wages in the River Plate countryside were double those in Chile. It was his opinion that this situation, which he believed made the development of a prosperous grain agriculture clearly impossible, could not be changed unless the wage worker learned to rely on the production of female family members for clothing and food, as was already the case in Chile, instead of turning to the marketplace. What interests us in this

precocious and insightful discovery of the role of the "informal sector" in the Latin American economy is that it originated in an exploration of the consequences of the lack of such a sector in the frontier conditions of the pampas.

Not that these conditions did not leave much to be desired. Thus, it was not because the Porteño economy was more advanced than that of the United Kingdom that the value of per capita foreign trade was higher in Buenos Aires. Rather, it was the unilateral growth of a very dynamic export sector within an economic framework more rudimentary in many ways than what could be found in more "traditional" areas of Spanish America (and made even more primitive by the concentration of resources in the profitable export sector) that brought about this paradoxical result. How advanced could an economy be considered in which even the humblest and simplest products of manufacture, from furniture to beams and posts, and even tallow candles, had to be imported, if not from overseas, then from the more "backward" areas of the hinterland? How advanced could it be, if during the midst of the export boom, even in the most prosperous stock raising districts, the skulls of cows had to make do as chairs, and not only in the dwellings of the day laborers? Or, for that matter, how modern was a society that, while including a labor force that was undoubtedly free and made even more independent by its very scarcity,⁸ shared some features of slave societies? Like these, it was at the same time primitive and emphatically not traditional; like these, it had been shaped by the needs of the export sector even in its demographic structure, and, as a consequence, the same imbalance between the sexes could be found in the pampas as in Brazilian or Cuban sugar districts.

In such a society, the agrarian utopia Argentine liberals shared with their Mexican comrades did not provide, as in Mexico, an ideological justification for the elimination of all barriers against market forces. On the contrary, it challenged the assumption that such an elimination was always and necessarily beneficial. From Vieytes to Sarmiento to the turn-of-the-century critics of the socioeconomic consequences of the grain boom, all those who condemned first the triumph of stock raising and later the pattern of concentrated landownership that was to be its legacy were very much aware that stock raising owed its victory to its superior suitability to local conditions characterized by the abundance of land and the scarcity of other factors of production. They knew as well that the durable land tenure pattern it left behind resulted also from the untrammelled action of economic forces. But this did not stop them from asking for legislative remedies such that, while economic laws would be respected, their effects would be channeled in directions more compatible with the national aspirations for social and economic equality, as well as for cultural sophistication.

Thus in Argentina the faith in the laws of the market appeared compatible with the recognition of a more complex policy role for the state than that of demolishing the legal barriers inherited from the past. Thanks to this circumstance, in post-Rosas Argentina economic debates achieved a sophistication, but also an imprecision, seldom matched elsewhere in Spanish America. These features in turn were due not only to the fact that most of the liberal agenda had

already been implemented before its proclamation as such, thus removing much of the tension and urgency from economic discussions; it was equally important that in the riverine lands of Argentina, no social group of any consequence identified with antiliberal positions as firmly as did similar groups in most of Spanish America. Argentine society had already been fashioned by a half-century-long expansion of an open export economy. Those who had suffered from its rise had already found ways to adapt to it or otherwise had lost their economic and political influence. Not surprisingly, when free trade became again an issue, what brought it back to the fore was a common but short-lived readiness to try protectionist remedies when the export economy ran into bad times, rather than the newly acquired influence of any specific social group permanently identified with the cause of protection.

It is then not surprising that the search for the historical roots of the protectionism preached by the industrial interest in the 1920s, and the more extreme one implemented by the Peronist regime after World War II, led to disappointing results. A closer look at the first protectionist campaign in the late 1860s (an agitation for higher tariffs on imported woollens and the creation of a state-owned textile factory) reveals that it was essentially the answer of the sheep breeders (now the core of the landowning class) to the difficult situation created by lower world prices, higher import tariffs in the United States and France, and a de facto increase in Argentine export taxes, owing to the refusal of the government to revise downward the officially appraised price of wool while real prices fell. It did not of course imply a permanent change of heart on the part of the sheep breeders, who knew very well that their future depended on that of the export economy, and as soon as the emergency passed, they were happy to return to their orthodox convictions in matters of international trade. The crisis of the late 1870s, which originated in the financial sector and had a wider but more diffuse impact than that of the earlier decade, generated in turn an even larger but more fickle protectionist front than the sheep breeders' lobby of the late 1860s, and its fervor once again dissipated as soon as the economic weather improved in the 1880s.⁹

When the issue of protection and free trade emerged again, in the very last years of the century, it was in response to federal policies introduced under the influence of the very provinces whose prospects Varela had painted in so somber colors in the 1840s. The consolidation of a federal regime had allowed their ruling groups to regain part of the political power they had lost after their catastrophic defeats in the battlefields during the previous era of civil wars. In this new context, the Tucumán elite, during the twelve years in which two of its members (Nicolás Avellaneda and Julio Roca) successively occupied the national presidency (1874–86), was able to take advantage of the federal railway, credit, and tariff policies to develop sugar plantations in the estates that until then had harbored their not very prosperous stock raising *estancias*. With less active federal support, beginning in the 1890s, the incorporation of the Cuyo provinces into the national railway network made it possible for the wine growers

in San Juan and Mendoza to take advantage of the high tariffs on wine and spirits—in force since the 1810s mainly for fiscal reasons—to enlarge their share of the now more accessible and rapidly expanding littoral markets. But these deviations from free trade principles, similar in inspiration to the ones Rosas introduced in the Buenos Aires tariff of 1835 (when he still felt that he needed to offer concessions to keep the allegiance of the interior provinces), were too inconsequential to generate the social conflicts that would have lent larger relevance to the frequent parliamentary and journalistic denunciations of their self-serving inspiration. Only in the twentieth century would the Socialist party, which had early given up any ambition to gain a foothold in the sugar belt, make a permanent electoral issue out of tariff protection for sugar.¹⁰

While, in a country that was so successfully riding the wave of world trade expansion, protection could not, for obvious reasons, become a crucial policy issue for very long, the agrarian component of the liberal program was a different matter: the very fact that the vertiginous expansion of pampean agriculture, after promising for a fleeting moment to realize the liberal utopia in riverine Argentina, took a quite different turn—precisely when Argentina emerged as one of the great exporters of grain in the world economy—was to lend to that program the permanent relevance of a disappointed hope. The memory of that hope was kept alive by a constant outpouring of critical literature dealing with the economic and social aspects of the agricultural expansion in the pampas.

That literature showed a remarkable continuity not only in its thematic approaches, but also when defining the central issues posed by the expansion; thus, the echoes of Mitre's denunciation of the "feudal" features in the pampas' social landscape could still be heard a century later. Given this continuity, and the lack of an equally vigorous countercurrent that would defend the socioeconomic aspects of that expansion, it might appear surprising that no serious attempts were made to correct shortcomings so universally condemned. Here again it would be useful to look at the concrete circumstances in which that critical literature flourished, an exercise that requires going beyond the basic contrast between the frontier society of riverine Argentina and the Indian peasant lands at the core of the Spanish empire in the New World: what lent such durability to the critical approach that inspires this literature was not so much the insights it offered on some lasting features of Argentine rural experience as its unobtrusive but continuous shifts in emphasis. These allowed it to adjust to parallel movements in the balance of social groups and forces in Argentine society. The resiliency of this ideological tradition starts to make sense only once it becomes clear that its remarkable continuity has accommodated not a little change.

We shall examine this complex counterpoint of continuity and change through three stages in its progress: the first is indeed just a fleeting moment and offers no more than a glimpse of the lines on which it might perhaps have developed, had the social background of the pampas been different from what it was in fact. In 1856 a press campaign in the city of Buenos Aires and a spate of agitation in Chivilcoy, then the most important wheat-growing district in the province,

resulted in the transfer of the property of the agricultural land in the district from the landowners to their tenants. This episode is mostly remembered because of the opportunity it offered for some public figures to display a more militant agrarian radicalism than they were inclined to proclaim in more normal circumstances. It was then that Mitre, who usually described his own Party of Freedom as the legitimate political expression of, among others, the Buenos Aires landed classes, threw caution to the winds and condemned in harsh words the oppressive weight of the latifundia inherited from a feudal past. But his statements sounded cautious when compared with those of Sarmiento, who went as far as condemning a social system that denied shelter and livelihood to the gauchos and made them pariahs in their own land because, as in More's England, he claimed, in the pampas the flocks were eating the people, much to the advantage of landowners frequently less Argentine than their victims.

No doubt these statements reflected, albeit in atypically uncompromising language, convictions that Sarmiento held firmly during his entire career. Even before his visit to the United States in 1848 revealed to him the agrarian foundations of U.S. democracy, his roots in the interior of Argentina had made him more sensitive to the social conflicts that develop around land in more settled rural societies than that of the littoral. In the 1860s, in *Vida del Chacho*, which he wrote as an apologia for the savage war that ended with the execution of the caudillo from La Rioja, he commented in an aside that one of the victims of that barbarous creature belonged to a patrician family fated always to lose members to political strife. The reason was that the family had given free rein to its inordinate greed for the land and the water rights of the neighboring peasantry. Understandably, Sarmiento refrained from pursuing a line of discussion potentially damning to his main argument, but in less inopportune moments he was ready to reach the political conclusions suggested by this insight. Thus in 1869 he advised his friend José Posse: "Don't you have land in Tucumán to provide a home for those that have nothing? In your electoral labors don't abandon the people, which in truth is so ignorant, so unwashed. Alas, such is our Republic."¹¹

But even if this was the case, it was but the exceptional context of the Chivilcoy conflict that brought forth such views and they were usually expressed in defiant language of this kind only through revealing non sequiturs or in private correspondence. What made the context so exceptional? There were no doubt political reasons for the atypical vulnerability of the Chivilcoy landowners: after the fall of Rosas, Buenos Aires refused to enter the federal constitutional structure created by its conqueror from Entre Ríos, Justo José Urquiza, and justified its secession by presenting itself as the bulwark of intransigent liberal *antirosismo* against a national leadership that included too many former supporters of Rosas. The legal fate of the Chivilcoy farm plots was then to be decided in a violently *antirosista* political climate. And it so happened that the Chivilcoy landowners had received their land grants from Rosas, as a reward for their political or military services; their blood-stained property deeds, *boletos de sangre*, far from strengthening their case, were used by their challengers as the most damning argument against

them. It was the political dimension in the conflict that allowed attacks on these property rights without creating excessive alarm among the propertied classes. After all, the vast properties of Rosas, most of them acquired before his rise to power, had only recently been confiscated, also without protest from the landed interests. Both the Chivilcoy tenants (some of them already established on the land as squatters before the Rosas grants) and the city politicians who took up their cause wisely stressed the factional-political dimension of the conflict at least as much as its social aspects.

But, while the political climate did help, the main reasons why the episode could develop as it did arose from its social context. In Chivilcoy the liberal politicians who had taken power in Buenos Aires in 1852 had finally found what they had despaired of finding in the *campaña*: a sizeable social group ready to fight for its own goals of agrarian change. Sarmiento, for one, proclaimed in 1868 that a solid social base for the new political order would only be built if "a hundred Chivilcoys," a hundred farming centers, were created in the pampas. This social metamorphosis would change him, the recently elected president by the almost accidental decision of some fractions within the notoriously fickle elite, into a true popular leader; he would then be at last "the caudillo of the gauchos transformed into peaceful freeholders."¹² Wisely, Mitre never shared this illusion: what Sarmiento did not see was that, while the 1856 episode had been possible because there indeed was a Chivilcoy in the Buenos Aires countryside, the presence of many Chivilcoys would have made such a favorable outcome much less likely. As things stood, with only a few districts put under grain agriculture, the conflicts between tenants and the landowners—themselves not very affluent, and clearly marginal within the Buenos Aires propertied classes—did not threaten to subvert the much larger stock-raising areas of the countryside, where social conditions were vastly different and where any agitation against *estancieros* would have provoked a much less tolerant response.

Because there was just one Chivilcoy, what happened in 1856 was not a portent of things to come. But also because this was so, Sarmiento's candidacy for the presidency in 1868 could be received with enthusiasm by Eduardo Olivera, the most eminent "organic intellectual" of the Buenos Aires landed elite from the 1860s until his death in the next century: "The spirit of progressives is thrilled by the prospect of how much an intellect like that of Señor Sarmiento, endowed with the willpower we know so well, could do as a direct influence on the true progress of these lands."¹³ Thus proclaimed Olivera when Sarmiento began to be mentioned as a possible presidential successor to Mitre.

But the new president, who in 1868 had promised to cover the pampas with as many Chivilcoys as necessary to eradicate the legacy of a barbarous past, by 1870 had already given up on the first province, "occupied by an old colonial society that owns the land and reserves for itself all positions of influence." He had now transferred his hopes to the vast areas opened to pioneer agriculture by the new railway line that connected Rosario, the port on the Paraná, with Córdoba. There, he believed, "the revolution that will make North Americans of

us, that will dethrone the *estanciero* who in turn has given rise to the gaucho and the *montonera* [irregular army], is already under way. Here in this piece of the pampa that stretches to Córdoba, a new society will arise, a new nation, leaving the dead to bury the dead."¹⁴

The Buenos Aires landowners witnessed this revolution with remarkable sangfroid. They were no doubt aware of the rapid rise in the price of land that it was bringing about in Santa Fé. Colonization was indeed an excellent business for landowners used to buying and selling their land by the square league, who now found buyers ready to acquire it by the square *cuadra* at previously unheard-of prices. The circumstances in Buenos Aires (where prices were much higher to start with) were different, and the landowners there obviously did not find in the rise of a group of independent farmers in a neighboring section of the pampas much reason to fear that they themselves would soon be reduced to the funereal duties mentioned by Sarmiento. Yet neither did they find in the agricultural colonization in Santa Fé much valid inspiration when addressing their own concerns as a group.

It is therefore not surprising to find that, while the writings of the *hombres progresistas* gathered about the Sociedad Rural (Stockbreeders' Association) reflect general support for the creation of a new rural society organized around an expanding class of independent farmers, this was never to become a central concern for these spokesmen of the Buenos Aires landed interests. Their own version of the agrarian gospel dwelt on themes presenting the whole countryside as a homogeneous sector, firmly unified under the leadership of the landowning class. It was precisely in the late 1860s and 1870s when this view was most persuasively articulated, in the *Anales de la Sociedad Rural Argentina* no less than in José Hernández's immensely popular gaucho poem, *Martín Fierro*.

This successful formulation of a ruralist ideology at one stroke both legitimated the hegemony of the landowning class in rural society and described it as the productive class par excellence. Such a formulation not only reflected the overwhelming hegemony of that class in Buenos Aires society—which according to Sarmiento could not be effectively challenged—but was also an expression of the new intensity of some deeply rooted conflicts in which indeed the rural sector as a block opposed other segments of the Buenos Aires sociopolitical structure.

In Buenos Aires, as already noted, stock raising had developed vigorously in a context of chronic labor scarcity. To make things more difficult, the state had its own claims on the scarce rural population, from which it intended to recruit the troops required for the defense of the provincial territory against the Indians and, when needed, for interprovincial or international war. Already in the 1820s, an arrangement was found making it easier to reconcile the claims of the stock raisers with those of the state: the army was to serve as a penal institution for vagrants and, more exceptionally, for criminal or just unreliable rural workers. But for this arrangement to work effectively, the state's demand for recruits had to be kept within reasonable bounds, and this was of course not the case in times of foreign crisis. Something of this sort had been experienced in the 1840s, when

the siege of Montevideo and the recurrence of military confrontations with other provinces intensified recruiting pressure, and Rosas's enemies had used the issue for what it was worth in their propaganda.

In the late 1860s the problem became even more acute; the Paraguayan war (1865–70) soon became the most bloody and costly in Argentine history, and to it was added a civil war in the interior in 1866. Moreover, the base for recruitment had been drastically narrowed by the influx into the countryside of immigrants exempt from the draft and by a less successful control of the territory by the provincial judiciary and police than in Rosas's time. This development placed many of the marginal elements (whom the recruitment laws designated as the main targets for the draft) beyond the reach of the authorities. Since wage workers in good standing were theoretically exempt from active service, the authorities were forced to turn to the independent stock raisers themselves; among them the landowners could afford to offer a *personero*, a stand-in paid by them to take their place. But affluent landowners ready to pay for substitutes were not numerous enough to solve the recruitment problem. This left only the much larger group of non-wage-earning rural workers, from small cattle raisers on rented land to shepherds remunerated with a share of the wool from the flocks they tended. The government overoptimistically and self-servingly included such men among the independent rural entrepreneurs assumed able to afford a *personero*. Thus the middle strata of the rural population became the main targets of the recruiting drive, and José Hernández chose one of its members, the owner of a herd of cattle that he raised on rented land, as the hero of his poetic complaint about the gauchos' martyrdom in the hellish frontier forts.

It is easy to understand why recruitment into the army and the frontier militia became the preferred issue with the defenders of the rural interest. It was made even more indefensible by its systematic brutality and arbitrariness, and its direct victims were mostly men of the people—even if, as the Sociedad Rural stressed, its indirect negative effects reached the landowners, who found it ever more difficult to recruit a stable labor force without paying money wages. But it was not the only issue in which the rural interest, as defined by the landed elite, could truthfully be described as identical with those of most, if not all, the inhabitants of the countryside. Thus the opposition to export taxes or the complaints over the excessively limited credit available through the state-owned Banco de la Provincia de Buenos Aires did reach beyond the upper strata of the landed classes.

This defense of rural interests was supported by ideological justifications fashioned in the liberal mold. Its liberalism, however, was less close to the Spanish American norm, which in the name of liberalism had demanded a ruthless use of state power to introduce radical changes in a society stagnant or worse, than to the version more popular in developed countries, wherein the social forces themselves could be trusted with the task of ensuring economic and social progress.

According to this version of the liberal creed, what Argentina needed was for

the free institutions adopted in the constitution of 1853–60 to be really implemented and even modified further to emphasize decentralization and local self-determination. In this way, a countryside that, under the enlightened guidance of its landowning elite, was building one of the most successful export economies in the world, would finally be freed from the humiliating political oppression and the rudimentary, economically detrimental administration practiced by the parasitical political elite in Buenos Aires.

Thus the elimination of the barriers that the constitution—and, even more decisively, political practice—had erected against any further progress toward democratization and decentralization was not expected to bring about a more equal society. On the contrary, the consolidation of a de facto oligarchic regime would finally fulfill the political aspirations of a deferential society eager to follow the lead of its landed elite. José Hernández was to offer in his newspaper articles a systematic presentation and defense of this political program, for which he found inspiration in the ideas developed by an Uruguayan jurist, Gregorio Pérez Gomar, in his youthful *Idea de la perfección humana* (1863). In this scheme the social sphere is firmly isolated from the individual and the political ones and is characterized as a set of institutions organized according to the law of nature, for which the aspiration of individual liberty that rules the first sphere, and that of equality that defines the second, are equally irrelevant.

This version of the liberal program was undoubtedly better attuned to the balance of social forces emerging in Buenos Aires. Endowed with ideological complexity and sophistication, it could address very different constituencies in very different languages that reflected the program's various roots in society and strengthened its hold on public opinion.¹⁵

Yet, for all its popularity, the modified liberal program of the *ruralistas* was never to exert a significant influence on state policy. The issues that had helped it to attract such wide support lost much of their acuity when the end of the Paraguayan war alleviated the recruiting pressure on the countryside and provoked a temporary improvement in public finances that made it possible to lower export taxes. By the late 1870s the imminent conquest of the Indian territory completely dominated the landowners' agenda. They were readying themselves to share in the territorial booty soon to be opened to the political and military elite and its associates, and of course when the Indian territory was conquered in 1879, the greatest irritant in the relation between the state and rural society, namely the capricious conscription of the rural population, was finally eliminated.

Even before the complaints reflected in the ruralist campaign became a thing of the past, the campaign itself was failing its most crucial test: it was not winning the active support of the landowners as a group. Their spokesmen were well aware of this sorry state of affairs and deplored the passivity of the class whose defense they had shouldered. They accused the landholders of ignorance of their self-interest, as well as ideological and political timidity. Through these criticisms the spokesmen themselves implicitly admitted that their presentation

of the landowning class as the acknowledged and respected leader of rural society included a significant element of wishful thinking, but this fact in their opinion did not diminish the validity of their approach, because the only thing that was needed for the landowners to assume that role was for them to wish to do so.

However, as not a few landowners understood better than their self-appointed spokesmen, this last assumption was also an exercise in wishful thinking. The *campaña* was anything but a deferential society, and the view that presented it as a homogeneous social bloc ready to follow the lead of the landed elite no doubt read too much into the universal recognition of that elite's dominant position, which went unchallenged but not necessarily unresented. It was difficult to believe that the ambivalent relations between the elite and the rest of rural society would not be affected if the elite were to challenge the control of the state by the political and military ruling circles. For all clashes with both circles, the elite's own rise to prominence had owed too much to the consolidation of state power in the countryside for its prominence not to suffer from the disappearance of that tense alliance. Thus, while the complaints about the self-serving and economically and socially destructive ways in which the state applied the draft were well founded, the landed interest still benefited from the role of army recruitment as an instrument of labor discipline, as some of its spokesmen were to recognize after its abolition.

When all this is taken into account, it is easier to understand why the modified version of liberalism offered as an ideological justification for the conquest of direct political power by the landowning class never achieved a discernible political impact, though it was able to inspire numerous and frequently insightful descriptions of the social and political conditions in the Buenos Aires countryside.

Thirty years later conditions in the pampas were again radically changed. The agricultural colonies, these first *focos* of the revolution that was to change Argentina into a Southern Hemisphere replica of the United States, had triumphantly invaded the pampas. After covering the whole territory on which Sarmiento had expected a new society and a new nation to rise, they were advancing into Buenos Aires province. As the 1914 national census was to reveal, the *primera provincia* was now the leading agricultural district in a country that since the 1890s had found a place among the major overseas exporters of grain to the European markets.

Yet this expansion followed lines very different from those anticipated by Sarmiento. Supported by an extreme abundance of land, which allowed a technologically backward grain agriculture to thrive and expand, it was soon to depend more and more on the labor of immigrant tenant farmers and sharecroppers. The financial crises of 1873 and 1890 had hastened a shift away from freeholding that was made more acceptable to the immigrants by their long-term objectives: most of them did not intend to settle permanently in the pampas; rather they wanted to win big in a speculative agricultural enterprise and retire to the more pleasant surroundings of their native lands, for which purpose it

made more sense to rent as much land as possible than to buy on credit the smaller family plots available for immigrants with very limited or nonexistent resources.

After the expanding railway network reached the outer limits of the fertile pampas in 1905–12, the sudden closing of the frontier had as its consequence the rise in the price of land for purchase and rent. That change was made possible by the revival of massive immigration in the new century and the presence of new generations of farmers raised in the grain belt, processes that drastically expanded demand. Thus the abundance of labor made up for the end of the abundance of land. Rents did indeed rise dramatically, but by 1912, when after a series of bad harvests the return to normal agricultural conditions was followed by very depressed prices, the first organized movement of tenant farmers and sharecroppers imposed the principle of collective negotiations for tenancy contracts, within a legal framework created first under the informal sponsorship of provincial or federal authorities and soon through federal legislation.

The conflicts of 1912 did not take public opinion by surprise. By then the notion that something had gone radically wrong with agricultural expansion had achieved an almost universal consensus. The distance between the society that was emerging in the pampas and the one made up of affluent farmers and independent citizens of a regenerated republic that was projected by the liberal spokesmen of the mid-nineteenth century was recognized as the clearest sign of such failure.

Thus the liberal program, as defined in the primitive frontier society that Rosas had ruled with an iron hand, was still held relevant in very different circumstances. For one thing, the country was in the process of freely electing its first government by universal male franchise, and, for another, Argentina now had a durable representative association of tenant farmers, the Federación Agraria Argentina, which was soon to emerge as a permanent legacy of the conflict in the grain districts of the pampas.

But in such ideological continuity there is less than meets the eye and not only because different observers reached different conclusions from the comparison between the emerging rural society and the agrarian blueprint inherited from the previous century. Though some of them kept faith with the traditional approach that stressed the negative social and cultural consequences of the discrepancies between the two, others preferred to emphasize the dangers intrinsic in a system of agricultural enterprise without entrepreneurs, in which the landowner was just a *rentiste* and the tenant little more than a supplier of his own and his family's labor. In this view he was an indigent manager of assets that the valorization of land had made too substantial to be left to his incompetent and feeble hands. These observers further emphasized that nobody was taking care of the investments needed to make Argentine agriculture more productive and hence more competitive, now that the advantages it had derived in the past from the availability of cheap land had vanished forever.

Even more important, by now the imperative of successful integration into

the world market (always less central to the aspirations for social change in rural Argentina than in other areas where that integration faced more serious obstacles) was still recognizable behind the growing concern about the competitiveness of Argentine agriculture. Yet its main effect was a further strengthening of the tendency, already present among Argentine thinkers since Vieytes, to turn to a more active version of social engineering than mainstream liberalism would have considered acceptable in order to channel the market forces toward objectives of social progress that they would not spontaneously foster.

This approach was, not surprisingly, the one preferred by Juan B. Justo, the founder of the Argentine Socialist party. For Justo the landowning class had proven unable to introduce agrarian capitalism in the pampas, and he advocated its replacement at the helm by forward-looking farmers recruited from among the tenants, whom he proposed to favor by a drastic increase in the land tax. Justo's conservative counterparts, who had not completely given up on the landowners, were also ready to propose schemes that assigned an equally active role to the state, in order to force them, albeit by less unfriendly means, to become the entrepreneurial class that Argentine agriculture needed to ensure its durable prosperity.

Yet there was also in this final triumph of a deeply rooted faith in social engineering less than met the eye. If the rural agitations of 1912 and the state's response to them taught anything, it was that the times in which an ideological or political elite could win control of the state and use it to refashion an essentially passive rural society were now closed forever. The relations between state and society, which had always included more give-and-take than the universal reliance on social engineering had acknowledged, was becoming more clearly interactive than in the past. The emergence of a new nation, so similar to and yet so different from the one announced by Sarmiento, brought to the fore issues and conflicts for which none of the successive versions of liberalism after 1837 could offer a valid orientation.

The agrarian conflict and its outcome thus offered one of the earliest signs that the sun was starting to set on liberal Argentina. Even though the economic policies with which Argentine liberalism had identified were still to hold their own for almost two decades and prosperity continued under their influence, the powerful myths that rejoiced in anticipation of the coming of age of a country born liberal started to dissipate at the very moment when this coming of age became imminent.

Why? Was it because the country that was finally emerging did not quite fulfill the historical promise discovered by Mitre in the dark travail of its early history? Could it be that in proposing the myth of a country born liberal, the shrewd and wise founder of modern Argentina was well aware that, to be effective, an ideology cannot be built on lies but on adroit manipulation of the truth and that he had found a flattering way of presenting a much less admirable historical legacy? And was it not the case that indeed Argentina had inherited from its idiosyncratic past a social and cultural structure as marred by inequality and

oppression as those of its "feudal" neighbors, but better able than these to survive intact the assault of liberal reforms?

In the long half century since the nation's history took a route very different from the one that, according to Mitre's prophesies, was to continue to eternity its majestic progress to always loftier heights, this melancholy view of its past gradually won wider acceptance. By now it has probably replaced that of Mitre in the conventional wisdom of the country. Nothing less than this radical metamorphosis was needed to ensure the survival, in the somber landscape of the ruins of late-twentieth-century Argentina, of the faith in its exceptionality, which originally had reflected the euphoria of a frontier society on the verge of one of the most rapid expansions in modern history.

NOTES

1. The same point is found in "Ideas conservadoras de buena ley," *Los Debates*, Buenos Aires, 24 July 1857.
2. Personal communication, January 1987.
3. After all, even the Mexican Reform laws, so unpopular among twentieth-century scholars, rather than decreeing the dispossession of the peasants, intended to make freeholders out of them, whether they liked it or not.
4. Although in fact it did: in 1914, during the last stage in the expansion of grain agriculture in the pampas, the proportion of family farms cultivated by independent landholders fell to around 30 percent; while this result was considered wholly unsatisfactory, it was still far from negligible.
5. *El Comercio del Plata*, Montevideo, 19 March 1846, reproduced in Varela, *Rosas y sus opositores*.
6. A little more than one pound sterling in the United Kingdom as against £4.94 in Buenos Aires. Sources quoted in Halperín Donghi, *Guerra y finanzas*, p. 12.
7. Customs figures, in Public Records Office, London, Customs, series 6, year 1850.
8. Foreign observers used to complain that the attitude of the rural poor toward their social betters was not what could be found in a deferential society.
9. Both protectionist campaigns have been thoroughly studied by Chiaramonte, *Nacionalismo y liberalismo económicos*.
10. There is no reason to believe, however, that this firm antiprotectionist stance was an important factor in the unspectacular but steady growth of the Socialist vote in Buenos Aires.
11. D. F. Sarmiento to J. Posse, Buenos Aires, 15 Sept. 1869, in *Epistolario entre Sarmiento y Posse* 1: 274.
12. D. F. Sarmiento, "Discurso pronunciado en Chivilcoy en una fiesta dedicada al Presidente Electo," 3 Oct. 1868, in *Obras completas* 21: 237.
13. Eduardo Olivera, "La carta del señor Sarmiento," in *Miscelánea* 1: 211.
14. Sarmiento to Posse, Rosario, 24 Jan. 1870, in *Epistolario* 1: 283.
15. In the case of Hernández, these reached from the heady philosophical vocabulary borrowed from Pérez Gomar to the versified lamentations of Martín Fierro in the language of the country gauchos.

5

THE ECONOMIC ROLE OF THE STATE IN LIBERAL REGIMES: BRAZIL AND MEXICO COMPARED, 1888–1910

Steven Topik

Latin America's underdevelopment is largely a legacy of the nineteenth century. At the beginning of the century, Latin Americans optimistically looked forward to a glowing future once the shackles of Iberian colonialism were removed. With relatively large labor supplies and rich natural resources, they felt that they could match the prosperity of the United States and Europe. After all, there had been periods during the colonial era in which per capita wealth had surpassed that of their European colonizers; as late as 1800 Mexico was richer than some European nations and not far behind the United States. Yet these dreams were to be dashed; most Latin American economies, particularly those of the two largest nations, Brazil and Mexico, stagnated for most of the century.¹

What explains this disappointing nineteenth century performance? Generally two answers are offered: the disruption caused by the independence process and the effects of neocolonialism. The former, while important in Mexico, played almost no role in Brazil, which experienced a peaceful transition to nationhood. Neocolonialism was of considerable importance in both countries, and indeed in all of Latin America. Economic liberalism has been seen as the ideological blueprint for the construction of neocolonial economies.

The object of this essay is first to examine the doctrine of economic liberalism in its pure form and then to establish the degree to which the "state" in Brazil and Mexico followed its precepts in the years of oligarchical rule and export-led growth, 1888–1910.² Finally I will suggest some reasons for their divergence from classical economics and their unique paths.