Reconceptualizing Latin American Authoritarianism in the 1970s

From Bureaucratic-Authoritarianism to Neoconservatism

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On March 24, 1976, a military coup took place in Argentina. At the outset, it did not seem very different from previous authoritarian experiments which had marked the country's unstable political history. As time went by, however, this new regime revealed its exceptionally coercive nature: political activity was banned, strike rights were withdrawn, and the military intervened in hundreds of labor unions, all this along with policies that made market economics the prime objective of the policymakers.

This regime, however, was not unique. On September 11, 1973, a military coup had occurred in Chile. In contrast to Argentina, the event was quite unprecedented. Chile had been one of the most solid democracies in Latin America, highly institutionalized and politically stable. Its open system had even allowed something that would have been routine in western Europe but was unique to Latin America: a socialist coalition intent on implementing structural transformations by means of democratic procedures came to power in 1970. After the breakdown, General Pinochet also made coercion a central component of his regime: the national soccer stadium was transformed into a concentration camp. His political economy, like the Argentine one, was also built around neo-laissez-faire principles.

Also in 1973, the Uruguayan military, for the first time in that country's modern history, took power. Against a democratic tradition as profound as Chile's, this event did not leave Uruguayan society untouched. A ban on political parties and labor unions, the dismantling of the structure of welfare services (the oldest and most powerful in Latin America), and a repressive campaign, lower in terms of disappearances than in Argentina and Chile but higher in per capita imprisonment, were the means of a thorough social transformation.

Why was the repressive character of these regimes so harsh? Why did these governments not incorporate, as the previous military experiments of Argentina and Brazil in the 1960s had, any kind of collective representation in order to coopt potential opposition? Why did these regimes so severely punish important business sectors through inflexible monetarist economic policies?[1] Why were labor organizations dismantled and repressed when, particularly in Argentina, they were explicitly against socialism and even confronted urban guerrillas? Why did the new rulers see a need to privatize public goods and services, especially when in Chile this produced an acute regression in the distribution of income in one of the most socially balanced countries in the region? Why, after being staunch defenders and promoters of corporatist forms of social organization, did the armed forces in the course of the 1970s radically shift their orientation and design a social order in which collective life would be regulated solely by market relations?

The most influential interpretations of the military regimes of the 1970s have relied on Guillermo O'Donnell's bureaucratic-authoritarian model, originally developed to account for the authoritarian governments of Argentina and Brazil in the 1960s.[2] Were the military regimes of the 1970s in the southern cone a "late" or "accentuated" version of bureaucratic-authoritarianism, as O'Donnell and others have suggested? I believe that they were not and that a new and distinctive set of analytical tools is needed to understand them. The evidence presented below will support the argument that these were regimes of a different kind which represented a clean break with any previous experience of military rule. Their leaders intentionally sought this break and aimed at introducing unprecedented economic and social changes. This transformation virtually reversed every dimension of military politics defined by the bureaucratic-authoritarian category.

Rather than finding ideological sources or political inspiration from the indigenous bureaucratic-authoritarian experiences of the past, these regimes had other sources. Their policies display a striking similarity to the neoconservative projects of some advanced industrial countries. Issues such as "ungovernability," "crisis of the state," "demand overload," and others were part of the southern cone agenda even before Reagan and Thatcher engineered their own "conservative revolutions."

This essay explores, first, the bureaucratic-authoritarian model, making reference to the original period upon which it was based, namely, the military regimes inaugurated in Brazil in 1964 and in Argentina in 1966. Second, it analyzes the military regimes of the 1970s in Argentina, Chile, and Uruguay, showing the serious limitations of interpretations based on the bureaucratic-authoritarian model. Comparing the military regimes of the 1960s with those of the 1970s illuminates the extremely important differences between the two periods and establishes the need to resort to an alternative "interpretive framework."[3] Third, the essay examines the controversies surrounding the crisis of the welfare state and of Keynesian policymaking as it has evolved in advanced industrial countries. In an effort to shed new light on the southern cone military experiments of the 1970s, this piece aspires to interpret them as part of a worldwide trend of anti-Keynesianism, monetarist policymaking, and the rise of a new ideologico-political alliance, that is, neoconservatism. Rather than placing the military governments solely in a Latin American context, as in the bureaucratic-authoritarian model, a major goal of this article is to examine them from a cross-regional perspective.

From this point, it will follow that the emergence of neoconservatism is global in nature and that it has powerfully shaped a range of political outcomes in countries throughout the world. Clearly, the impact of this stream of thought has taken different forms in different regions. While it took a democratic form in the U.S. and the U.K., in the southern cone similar discourse and policy burst onto the political scene through civil-military authoritarianism. The essay will then explain how these events occurred and highlight how the reconciliation of those phenomena with the basic traits of bureaucratic-authoritarianism leads to theoretical ambiguity and empirical confusion.

At a time when political and scholarly debate in Latin America centers around the prospects for democratic consolidation, an analysis which stresses the need to rethink authoritarian experiments might seem anachronistic. By no means, however, does the discussion of authoritarianism in the 1970s constitute a separate topic from that of democracy in the 1980s. Ultimately, the issues raised by military rule have not been truly resolved, and they still have empirical and theoretical impact. Finding a meaningful

theoretical interpretation of these regimes is crucial. Aside from the need for conceptual accuracy, a correct reassessment of the previous military regimes will shed new light on our interpretation of the tensions underlying present democracies.

Disaggregating Bureaucratic-Authoritarianism

The bureaucratic-authoritarian concept was intended to define a specific and historically determined type of state and/or regime that evolved in the more economically and politically advanced countries of Latin America beginning in the 1960s. It must be distinguished from other kinds of traditional authoritarian, totalitarian, and fascist regimes.[4] Its basic dimensions are as follows.

Deepening A bureaucratic-authoritarian regime seeks the "deepening" of "the productive structure [by means of] the growth and maintenance of private investment [in particular the transnational corporations, TNCs], as well as increasing the quantum and multiplier effects of public investment."[5] According to O'Donnell, it transforms the mechanisms of capital accumulation of society, though it does not reverse the nature of peripheral and dependent capitalism. Bureaucratic-authoritarian regimes came into being as follows.

First, the populist model of development became exhausted. Based on the enlargement of internal markets by means of the expansion of consumer goods production, this model produced periodic balance-of-payments problems and inflation crises. It was subsequently replaced by a higher stage of import-substitution industrialization known as "developmentalism." Although attempting to correct the economic defects of the previous model, developmentalist governments failed to push industrialization much beyond the production of semidurable goods and petrochemicals, worsening, in the end, the problems they were supposed to solve.[6]

Higher rates of capital accumulation, necessary to integrate industrial production and thus avoid external strangulation provoked by the need for imported inputs, would be achieved by bureaucratic-authoritarian military regimes. They would promote the "deepening" of the productive structure by means of new capital goods industries.[7] To a great extent, the bureaucratic-authoritarian model of development signals the most sophisticated and, in retrospect, the last phase of import-substitution.

Increasing Bureaucratization Under bureaucratic-authoritarian rule, the most important governmental positions are occupied by persons who come to power after successful careers in large bureaucratic organizations, private or public. The need to continue the process of modernization, which in the populist phase had encountered developmental bottlenecks, requires the intervention of highly skilled officials.

The increase in bureaucratization constitutes a strategy of development in itself. The state intensifies its role in the economy. Bureaucratic-authoritarianism entails a comprehensive, dynamic, and penetrating state which, through bureaucratization, achieves a high degree of formalization and differentiation of its own structures, a process that allows it to become "an expansive state, not only to impose the great social transformation implied in the deepening, but also to impose for the future the consolidation of a new order."[8]

Political Exclusion of Previously Included and Activated Groups In bureaucratic-authoritarian regimes, political order—necessary to promote investment—means exclusion

of the popular sector from the decision-making arenas where it had previously exercised representation: political society and economic policymaking. This exclusion, however, takes place by means of two different mechanisms.[9]

The first consists of excluding subordinate groups from the political arena. By suspending elections, the voice of the popular sector is silenced and thus is deprived of its most powerful tool, universal suffrage. Once deprived of access to political society, the pivotal locus of political contestation and dispute over public power and the state is closed. Coercion is needed to maintain this sphere free from the popular sector's demands.

The second mechanism of exclusion is more subtle, since coercion is not a manifest element. This rests on the incorporation and encapsulation of trade unions into corporate arrangements, where the myriad of issues related to their interests is highly controlled by state bureaucracy and virtually constitutes the "essence" of bureaucratic-authoritarian domination. It may seem contradictory since here the popular sector is included rather than excluded. Yet it is included in order to be controlled, deactivated, and deprived of access to the decision-making arenas. In reproducing a state corporatist pattern of political action, the bureaucratic-authoritarian regimes confirm a paradox: in order to exclude they must incorporate.[10]

Therefore, the "exclusion of the popular sector from political society," which was high during bureaucratic-authoritarianism, and the "exclusion of the popular sector from state corporatist arrangements," which since it was incorporated was nonexistent, must be differentiated. This distinction is critical in order to grasp the real nature of bureaucratic-authoritarian rule.

Economic Exclusion The political exclusion mentioned above arises from the need to postpone or reduce the economic claims of the popular sector. In O'Donnell's opinion, the end of the populist era is produced by the end of the easy phase of import-substitution and horizontal industrialization.[11] In order to change the pattern of capital accumulation and achieve vertical integration it was necessary to postpone distributionist policies by means of shrinking real wages. The end of distributionist policies signaled the exhaustion of the populist scheme, as a result of its inability to lead the deepening of industrialization.[12]

Depoliticization In a nondemocratic regime, technocratic elites play an important role in demobilizing popular groups. As part of this process, they turn previously political issues into technical matters. This feature is particularly clear in Brazil after 1964 and in Argentina after 1966 and is intended to fit nicely with military goals, security and development. The first is achieved by creating a number of new intelligence services, and the second by establishing new planning institutions.

The "Trio" Through bureaucratic-authoritarianism, for the first time the armed forces rule as an institution. They do so in order to guarantee the stability of bureaucratic-authoritarianism's dominant coalition: the state, foreign capital, and the domestic bourgeoisie. At the beginning the bureaucratic-authoritarian regime is supported just by a "duo," the state and TNCs. After a certain point, and in response to some of the tensions involved in the original coalition, the national bourgeoisie joins in. Its role, however, is far from hegemonic. Rather, it is only an associated one, a subordinate partner in the new "trio."[13]

Table 1 A Comparison of Bureaucratic-Authoritarian and Neoconservative Military Regimes in Argentina, Brazil, Chile, and Uruguay

	BA Regimes		Neoconservative Regimes		
BA DIMENSIONS	BRAZIL 1964-85	ARGENTINA 1966-73	CHILE 1973-89	URUGUAY 1973-84	ARGENTINA 1976-83
DEEPENING (Vertical Industrialization)	HIGH	HIGH	LOW	MODERATE	LOW
INCREASING BUREAUCRATIZATION	HIGH	HIGH	LOW	LOW	LOW
POLITICAL EXCLUSION OF POPULAR SECTOR — Political Society	HIGH	HIGH	EXTREMELY HIGH	EXTREMELY HIGH	EXTREMELY HIGH
POLITICAL EXCLUSION OF POPULAR SECTOR — State Corporatism	INCLUDED	INCLUDED	HIGH	HIGH	HIGH
ECONOMIC EXCLUSION OF POPULAR SECTOR	MODERATE	MODERATE	HIGH	HIGH	HIGH
EXISTENCE OF TRIO	YES	YES	NO	NO	NO
DEPOLITICIZATION	HIGH	HIGH	HIGH	HIGH	HIGH

The 1970s: Departing from Bureaucratic-Authoritarianism

The bureaucratic-authoritarian model, although it has become the scholarly orthodoxy on military rule in Latin America, has nonetheless been the object of considerable criticism. A number of works, highlighting theoretical, historical, and methodological flaws, have moved close to invalidating the whole bureaucratic-authoritarian enterprise.[14] Despite these criticisms, which this essay takes into account, it will be argued that, while the bureaucratic-authoritarian model does little to explain the authoritarian regimes of the 1970s, it retains value for the analysis of the military governments of Argentina and Brazil in the 1960s. As such, it constitutes a seminal contribution to the more general study of the connection between regime change and capitalist development in Latin America.

Analyzing the differences between the 1960s and the 1970s, this paper will emphasize the impossibility of understanding the military regimes of the southern cone in the 1970s through reference to the bureaucratic-authoritarian model. To some extent, O'Donnell himself missed this point. For him, there was a second theoretical stage of bureaucratic-authoritarian rule in which "the accentuation of the features of Bureaucratic-Authoritarianism in Uruguay, Chile, and Argentina in the 1970's occurred because various social actors believed that they were stepping into an abyss of the rupture of all social order."[15] This gave rise to a simple "formula"—the deeper the threat, the deeper the response and the exclusion or repression.

In this case, however, simplicity does not lead to theoretical fertility. On the one hand, because it is interpreted as an accentuation or deepening of features, the problem of authoritarianism is posed in linear terms. That is to say, there is a level to measure—of threat or coercion—which would characterize a given regime as more or less bureaucratic-

authoritarian. An approach such as this to the comparison between the 1960s and 1970s hinders an accounting of qualitative differences. If what happened in the 1970s in the southern cone is portrayed as a linear accentuation of bureaucratic-authoritarianism, the highly novel meaning and form of these military regimes is lost. It is crucial to develop a conceptual apparatus capable of highlighting differences in kind. The stretching of the bureaucratic-authoritarian logic ultimately dissolves the issue into a mere question of intensity.

On the other hand, and possibly more important, the whole logic of explanation of authoritarianism based on the "threat" issue is weak. It is hard to prove and to operationalize "how threatening the threat is" or to what extent a threat from below determines concrete responses and policies of the authoritarian regime. Likewise, it would be difficult to find an explanation of the continuous use of coercion on the part of these governments, especially after the threat disappeared.[16] Ultimately, the subsequent crises of the diverse forms of class compromise—put together in the past by populist or reformist coalitions—suggest the need for a more profound inquiry. Much of the depth of these crises arose from the serious and pervasive cleavages among different business sectors, made concrete by their recurrent incapacity to build a workable model of capitalist development in which there would be room for all. In fact, the major reformulation of the model of development introduced by the regimes of the 1970s, which accounts for these cleavages, provoked as many tensions among different fractions of the bourgeoisie as between business and labor.[17]

With the "second wave" of authoritarianism in the 1970s, both the character and the policy agenda of military rule departed significantly from the bureaucratic-authoritarian category. The reversal of the "deepening" of the productive structure, the first theoretical premise of the bureaucratic-authoritarian model, weakened its explanatory power dramatically.

It was also weakened by the fact that corporatist mechanisms of control and policymaking, so central to the bureaucratic-authoritarian order, were repudiated during this second wave. In the 1960s (and in Brazil until 1985), due to the effectiveness of corporatist encapsulation, as well as to the importance of labor in a process still based on the centrality of industry, the bureaucratic-authoritarian regime never aimed at wiping out the popular sector's political and organizational capabilities altogether. Control and deactivation tactics in the 1960s amounted only to a sort of exclusionary methodology which never even approached the strategic quality of repression prevalent in the 1970s. In the 1970s, since collective representation as such was illegal, and corporatism was irreconcilable with a social order intended to be regulated by mere market relations, the incorporative devices were abandoned. In the absence of cooptation, coercion thus turned out to be the only remaining tool for dealing with opposition. In other words, effective encapsulation avoids the use of naked repression.

The specialized literature, however, persisted in resorting to the bureaucratic-authoritarian model as a conceptual point of reference. The influence of O'Donnell's contribution was so impressive that it became the very point of departure for David Collier's edited volume on the new authoritarianism.[18] The authors in this volume put the bureaucratic-authoritarian model under scrutiny and evaluated it, either positively or negatively. They did not avoid, however, the pitfall of framing these regimes in terms of a linear intensification of an already known form of military rule rather than in the light of an altogether different

analytical and empirical phenomenon. At no point do the authors in the volume on the "new" authoritarianism venture beyond the bureaucratic-authoritarian model. For even those who objected to the value of the bureaucratic-authoritarian model, instead of grasping what was distinctively original about the new authoritarianism, became trapped in a conceptual straitjacket that prevented them from perceiving the fluid and novel reality of the southern cone in the 1970s.

Such is the case of Robert Kaufman, who expressed his doubts about linking the 1960s regimes in Argentina and Brazil conceptually with those of the 1970s in Chile and Uruguay. Despite his reservations, he did not delink distinct regime-types.[19] It is also the case of Albert Hirschman who, in examining the political economy of authoritarianism with reference to the bureaucratic-authoritarian framework, did not take notice of the essentially industrialist nature of the military governments of Argentina and Brazil in the 1960s and the deindustrializing character of those of the 1970s in the southern cone.[20] José Serra, in turn, objected to the basic dimension of the bureaucratic-authoritarian category, the deepening of the productive structure. In the end, his negative evaluation of the bureaucratic-authoritarian model as a whole did not lead him either to propose an alternative model or to distinguish between the two regime phases.[21]

This conceptual straitjacket also applies to John Sheahan's recent work. First, he correctly observes that after the 1970s the military regimes of the southern cone rejected the principles of bureaucratic-authoritarianism and moved toward a combination of market economics and repressive tactics which he names "Market-Authoritarian."[22] Yet he then gives rise to confusion, for in a table where he classifies regimes from all over the region the countries of the southern cone and Brazil are placed under the same category called "authoritarian conservative or reactionary regimes, with emphasis on market forces and economic efficiency."

This brief review allows one to map the intellectual terrain within which scholarly debates on authoritarianism have taken place. It is also a way to stress the risks involved in the overuse of concepts. Concepts are crucial because they determine the questions one asks and the answers one is likely to get. Stretching concepts distorts our view and often prevents one from capturing reality.

Giovanni Sartori urges social scientists to avoid "homonony," the ambiguity produced by the use of the same word for different referents, and to require one word for each meaning.[23] One way to avoid such ambiguity is to check whether the meaning assigned to a given term is kept constant through time. This paper's argument is that precisely the contrary has been occurring with bureaucratic-authoritarianism. The object to which the term refers in current use is by no means the same the term referred to when originally formulated. Authoritarianism in the southern cone changed so dramatically in the 1970s that it should discourage one from continuing to characterize it by the same concept. The risks of ambiguity are particularly evident in O'Donnell's application of the concept in a recent volume about transitions from authoritarianism which, according to him, deal "with transitions from bureaucratic-authoritarian regimes [which] emerged in some of the socially more complex and modern countries of the region: Argentina, Brazil, Chile, and Uruguay."[24] An examination of the basics of the political economy of the southern cone in the 1970s will display significant differences from that of the 1960s.

Neoconservative Economics in the 1970s

Very early on, the military governments in the 1970s displayed their policy package. Reversing historical trends in economic policymaking—bureaucratic-authoritarian periods included—they dramatically reduced tariffs. In Chile, from a historical high of 94 percent until 1973, they reached an overall 10 percent in 1979. In Argentina, a historical high of 94 percent was diminished to 35 percent in 1981, while in Uruguay its 100 percent reached its lowest point of 35 percent in 1985. Expressing the policymakers' criticisms of the import-substitution industrialization (ISI) strategy, trade liberalization had a severe impact on local industries, increasing the rate of commercial bankruptcies.[25]

As a result of trade liberalization, the yearly average rates of growth of GDP evolved as follows: in Argentina between 1976 and 1982, −0.13 percent; in Chile between 1973 and 1982, 1.23 percent; in Uruguay during the same period, 1.8 percent. By 1982, production in the manufacturing sector had dropped in Argentina 22 percent below its 1975 level and in Chile 11.2 percent below its 1973 level and had risen in Uruguay by approximately 15 percent from its 1973 level.[26]

As an expression of bureaucratic-authoritarian political economy *par excellence*, the yearly average rate of GDP in Argentina in the 1966–73 period, in contrast, increased 4.5 percent, and in Brazil in the 1964–85 period 6.14 percent. Industrial production, the core of the "deepening" of the productive structure, increased 52.5 percent in Argentina between 1966 and 1973. In Brazil, the striking increase of 275.27 percent from 1964 to 1985 underscores the industrialist character of the military regime inaugurated in the 1960s. These percentages, expressed in yearly average rates, represent 5.67 percent in Argentina and 6.50 percent in Brazil.

Another way of assessing the different projects highlighted in this paper is through the analysis of the ratio of manufacturing to GDP. In Brazil between 1964 and 1985, the ratio averaged 28 percent, and in Argentina between 1966 and 1973 27.5 percent. At the end of the neoconservative period considered in this study, 1982, it had fallen to 22 percent in Argentina, and to 21 percent in Chile and Uruguay.

Real wages were traditionally manipulated as a central policy measure by Latin American authoritarian regimes. Yet this was not done in similar terms in the two periods considered in this essay. During bureaucratic-authoritarian periods, real wages dropped 2 percent in Argentina from 1966 to 1973, and they increased 86.3 percent in Brazil between 1964 and 1982 (an extremely long period). The same measures during the authoritarian regimes of the 1970s in the southern cone showed, in Argentina 1976–82, a 40 percent drop; in Chile 1973–82, a 42 percent drop; and in Uruguay in the same period, a 32 percent drop.

The size of the industrial labor force increased in Brazil between 1970 and 1982 by an impressive 211.72 percent. In the countries of the southern cone in the 1970s, rather than the encapsulation of a growing working class as in the 1960s, the goal was the destruction of its political capabilities. For this purpose, a substantial reduction in the number of workers employed in industry, which was at the core of the activation of the popular sector, neutralized popular contestation. The industrial labor force thus diminished 33.8 percent in Argentina between 1976 and 1983, 30.08 in Chile between 1973 and 1983, and 15.13 percent in Uruguay during the same period.[27]

Another policy to compare is the evolution of gross domestic investment. In Argentina between 1966 and 1973 it increased 50 percent. In Brazil between 1964 and 1985 it

increased 150 percent. The neoconservative period shows a drop of 26.5 percent in Argentina from 1976 to 1983 and of 14 percent in Chile from 1973 to 1983, and an increase of 15.13 percent in Uruguay from 1973 to 1983.

What Was at Stake in the 1970s?

In the 1970s the bureaucratic-authoritarian model was unable to account for the rapidly changing phases of development in the world economy, phases upon which a good part of the initial internal logic of bureaucratic-authoritarianism was constructed. For instance, whereas in the 1960s the late industrializing countries of the semiperiphery—for our purpose Argentina and Brazil—benefited from an expanding international economy, in the inflation-prone, stagnant economies of the 1970s the global insertion of these countries could hardly be achieved in the same terms. That is why, in the model of development of the 1970s in the southern cone, growth was based on a strict view of efficiency and a static view of the laws of comparative advantage, both of which resulted in a homogenization of the productive structure. Trade liberalization promoted the replacement of "import substitution" by "import competition," severely damaging domestic manufacturing.[28] This was just the opposite of what the bureaucratic-authoritarian political economy pursued, namely, a deepening of industrialization and a diversification of production. In contrast to the transnational capital-state-local capital configuration of the bureaucratic-authoritarian model, highly concentrated and diversified conglomerates of either national or transnational capital constituted the dynamic core of the new pattern of accumulation of the political economy of the 1970s.[29]

In the 1970s, the definitive termination of the legacy of import-substitution was at stake. Industrialization by import-substitution constituted a model of accumulation that shaped three different phases, each of them entailing the progressive intensification of manufacturing production. Populism, developmentalism, and bureaucratic-authoritarianism, despite their usage of different tools within the context of diverse political regimes, nonetheless depended on strikingly similar coalitions: urban wage earners, public sector enterprise, manufacturing business, and the government. This was basically because, in one way or another, all of them relied on the theoretical insights and policy recommendations of the United Nations Economic Commission for Latin America (ECLA), which gave to each of these regimes a similar outlook, especially if compared to the deindustrializing experiments of the 1970s.

Theoretically, ECLA's contribution was seminal. Since the 1950s, virtually no government in the region escaped from the commission's principles and policy recommendations. Its impact on Latin America is comparable to the impact of Keynesian macroeconomics on the advanced industrial countries. Actually, ECLA's doctrine shared with Keynesianism one basic principle: tendencies toward instability, economic stagnation, and chronic underutilization of material and human resources intrinsic to the market economy can be avoided by state action. On this basis, in order to overcome the decline of the terms of trade for Latin America, ECLA proposed a strategy of industrialization, through both policy formulation and state involvement in production.[30]

With the end of the import-substitution strategy in the 1970s the policy debate was reopened. The ISI "economic culture" was displaced by the reemergence of laissez-faire

doctrines, now under the sponsorship of monetarist economists who, in possession of a strong ideological commitment, were highly influential among policymakers.[31] They sought to roll back the developmentalist heritage by juxtaposing developmentalist policies with those of orthodox liberalism: state intervention or market economy, planning or laissez-faire, Keynesianism or monetarism. In favoring the latter options, these economists paved the way for a true break in the historical relationship between state and society in Latin America. In so doing, they created a new and distinctive political product: a military, authoritarian version of neoconservative economics or, alternatively, a neoconservative, monetarist version of military politics. In either case, this phenomenon can hardly be linked to bureaucratic-authoritarianism, much less be characterized by the concept.

A new project of deep societal reorganization came into being in the southern cone of Latin America. The military abandoned their concern with the development of an industrial complex and its orientation toward a state-led economy. Instead, they adopted an economic system based on the free interplay of market forces and a monetarist approach to the balance of payments. The reemergence of monetarism in the region, displacing structuralist ideas, signaled, to some extent, the end of a debate about political economy that had been waged for more than twenty years.[32] As a result, the orthodox policies applied in the 1970s became, paradoxically, "structuralist." For the new policymakers, structural conditions accounted for the economic crises, and structural transformations were needed in order to solve these crises. Because of this, they were also authoritarian, in as much as the transformation they meant implied suppressing opposition wherever it appeared.

These military regimes implemented a program of economic restructuring, one that shared few features, if any, with the bureaucratic-authoritarian economic model. Restructuring under neoconservative-authoritarianism demanded reorganizing the economy in order to provide a new basis for accumulation and reformulating the polity in order to create the conditions for the emergence of a new hegemonic ruling class. In this project, the adherence to laissez-faire postulates is not only an economic tool, but also a political device through which to dismantle the apparatus of state intervention—the typical instrument of class compromise during populist or reformist governments—and establish a minimal state, shorn of its regulatory and redistributionist role.[33]

The state thereby moved from serving as the locus for class compromise to an instrument leading a structural, free market transformation. With the state's historic role changed, the process of fragmentation and decomposition of collective representation accelerated, and social relations gradually started to be governed primarily by market rules. The final outcome undermined the base of the original coalition: fewer workers employed in industry, lower rates of unionization, public enterprise under attack, and more concentrated units of capital.

Coercion and neoconservative economics were complementary dimensions of the process of restructuring. The former acted as a defensive mechanism to normalize society by demobilizing contesting groups. The latter referred to a "foundational dimension," a historic project that would reinsert these countries into a different international economy, one that had significantly departed from that of the 1960s. In this case, rather than the restoration of a lost order, what prevailed was an attempt to impose on society as a whole deep transformations in its structure. Discipline thus became a prime objective of economic policies,[34] and free market economy a central goal of the political project.[35]

The possibility that the military would adopt such an economic model had escaped analysts. Partly because of the influence of the bureaucratic-authoritarian literature, which describes a series of elements akin to the historical concerns of the armed forces, the most expected outcome was a reproduction of the industrialist model of the Brazilian military regime. This unexpected turn was even more puzzling given that business elites (including those which grew out of state protection and which, in the end, were severely damaged by the neoconservative program) supported these policies. In Chile, a group of technocrats was able to disseminate its ideas effectively and convince Pinochet about its correctness.[36] It is not clear, however, to what extent the resolution of sectoral clashes within the business community accounts for the implementation of the neoconservative program. In other words, were some sectors or some conglomerates, with whom these economists had strong links, responsible for the design or implementation (or both) of the neo-laissez-faire policy package?[37]

In Argentina, the economic team was theoretically less sophisticated and ideologically less committed than in Chile. Finance Minister Martínez de Hoz, however, was able to articulate a discourse that linked import-substitution industrialization with Marxist subversion and guerrilla warfare. For him, Argentina's relatively early industrialization occurred thanks to state tariffs. Industry developed hand in hand with unions, which in the course of the late 1960s and 1970s had become radicalized. Protectionism and welfare policies encouraged ever-increasing demands on state resources. Those demands, Martínez de Hoz warned, would ultimately lead to complete state control and socialism, an announced goal of insurgent groups. To convince the armed forces of the need to abandon their long-term concern with state-led industrialization, the minister spent "nearly one-third of his time traveling from barrack to barrack, explaining the rationale and objectives behind his stabilization project."[38] Having alleged the connection between protectionism and insurgency, the military used tariff reduction as another weapon in its war against subversion.

Whatever the domestic political dynamics, the breakdown of the model of development can not be understood solely through reference to internal events. An international perspective is important to grasp a deeper view of these military systems and to broaden the scope of this interpretation. Since another claim of this paper is that the military regimes of the southern cone in the 1970s were an authoritarian version of neoconservative politics, a more general overview of the process of emergence of neoconservatism, as evolved in some advanced industrial countries, is a point of reference of primary value.

Looking for a Theoretical Basis: Neoconservative Theories

A critical dimension of the emergence and consolidation of the bureaucratic-authoritarian regimes is the specific connection between their political economy and the international economic system into which they are inserted. It was no accident that the impressive growth rates of the bureaucratic-authoritarian economies of Argentina and Brazil in the 1960s coincided with an expanding world economy and an increase in trade which took place principally in the advanced industrial countries. International conditions were hardly comparable in the 1970s. The end of postwar economic expansion imposed restrictions on

economic models based on the intensification of capital goods production. In this sense, the reproduction of the bureaucratic-authoritarian economic model was virtually impossible for the emerging southern cone authoritarian regimes of the 1970s.

In the aftermath of World War II and until the 1970s, the major framework of international governance in the advanced industrial countries was conceptualized, thanks to John Ruggie's felicitous phrase, as one of "embedded liberalism."[39] The framework of embedded liberalism was based on a balance between Bretton Woods international laissez-faire and a domestic interventionist Keynesian state and rested, to a great extent, on American hegemony. These were the basics of a framework that others call the "postwar settlement" and, as noted by Robert Skidelski, was made possible thanks to American hegemony just as world laissez-faire had been possible under British leadership.[40]

At the domestic level, Keynesian techniques had been able to promote steady growth, price equilibrium, and employment simultaneously. Keynesianism was mainly a sophisticated body of economic techniques. Its impact, however, went far beyond the realm of policymaking. In social terms, the Keynesian approach assigned the state responsibility for the provision of goods and services necessary to maintain minimum living standards for the working class. The growth of the welfare machinery even led one theorist to redefine the concept of citizenship as a continual expansion of rights, from the civil and political spheres to the social sphere.[41]

In political terms, postwar Keynesianism involved a compromise between contending political forces and social classes whose conflicts could have been disruptive to the uneasy task of reconstructing democratic capitalism, especially after the disastrous experience of the interwar period. Thanks to the Keynesian formula, socialist parties gradually moved from a program advocating revolutionary struggle to a platform based on social democratic practices, and labor agreed to wage restraint in exchange for full employment.[42]

Although the welfare state was not part of Keynes' own theory, his work assigned great responsibility to government action in solving market failures, mainly through public spending. In so doing, his theory "demystified" such classical principles as the balanced budget. Furthermore, Keynes favored corporatist forms of policymaking, as a middle ground between liberalism and state ownership.[43] His "middle way" was an attractive framework for divergent forces that coincided to promote institutions in tune with these principles. Forces ranging from social democrats to enlightened conservatives accepted the premises of the welfare state. Insurance schemes, minimum wages, expansion of welfare provisions, and the participation of organized labor in policymaking were all a part of the agenda and helped to consolidate a new type of coalition-building politics.

Yet the 1970s marked a slow-down in the performance of advanced industrial economies. Rates of growth faltered, and unemployment increased. The optimistic belief in unending growth and stability that emerged in the postwar years and was reinforced by the economic performance of the 1960s gradually eroded. Increasing discontent developed as the mechanisms of economic management introduced by Keynesian theory no longer proved viable.[44]

Inflation in the 1970s reached high levels, becoming the core policy concern of the 1970s and 1980s in the advanced industrial economies. Although it was certainly lower than in the southern cone countries, its political impact was equally intense, and although it did not reach hyperinflationary levels in the advanced industrial countries, it persisted even longer

than in Europe in the interwar years. Furthermore, inflation was resistant to recessionary policies, leading to a new phenomenon of the capitalist economy, stagflation.[45]

In addition to inflation, two other elements contributed to the erosion of international economic stability. On the one hand, the terms of trade which had benefited industrial countries throughout the postwar years reversed. Between 1973 and 1982, what had once been a deterioration in the terms of trade for primary exporters improved by about 20 percent. Naturally, the sharp increase in the price of crude oil implemented by OPEC in 1973 intensified this shift. On the other hand, the successful performance of the newly industrialized countries (NICs) in increasing their share of the trade of manufactured goods further shrank opportunities for the advanced economies. Rising competition meant the deterioration of both business and employment levels in the OECD countries. Since many of the newly exporting economies relied on low wage labor, they attracted investment, and thus production tended to be displaced toward the semiperiphery.[46]

As a result of both the deterioration of the terms of trade and mounting competition—an unintended consequence of free trade—American hegemony declined. Widespread inflation and unemployment further fueled these tensions. Under these conditions international laissez-faire and domestic Keynesianism proved impossible to maintain. Protectionism at the level of international trade was on the rise, and new actors began to forge more market-oriented policies at home. New protectionism and the success of these actors accounted for the dismantling of the compromise of embedded liberalism.

In this context, policymakers' confidence in Keynesian instruments increasingly vanished. This created opportunities, not only to reopen the policy debate, but also, as some did, to proclaim the death of Keynesianism and of the institutions associated with it, such as the welfare state and collective bargaining. This phenomenon signaled a critical departure from the postwar consensus.[47]

As the central trade-offs of Keynesianism became increasingly difficult to reproduce, new conservative coalitions emerged with invigorated support. These coalitions proposed a return to a more market-based economy, removing the state from managing the overall direction of economic activity. This meant a contraction of the money supply, a reduction of public spending, and the repudiation of price-fixing mechanisms. The carriers of such a policy package, monetarist economists, were primarily concerned with defeating inflation. For that purpose, they argued, market forces should be set free and sectoral demands, be they full employment or market reserves, disregarded. They also proposed, at later stages, privatization of public enterprise in order to achieve these goals. In sum, a "revitalized" market capitalism was at the core of their agenda.[48]

Monetarist doctrines anticipated the political costs associated with the transformations they prescribed. Monetarism thus coupled market capitalist arguments with "overload theories." For those in line with this approach, the mechanisms of mass democracy imposes a number of demands far beyond the capacity of governments to respond. This produces a situation of increasing ungovernability (or "political inflation"), since unfulfilled expectations are harmful to a stable government. In their view, this has parallels with a situation in which excessive demand provokes inflation. The solution is to expand the scope of the marketplace, so as to shelter the state apparatus from these claims.[49] Complementary as they were, "neo-laissez-faire" and "state overload" theories helped to produce a distinctive political product of the 1980s: the neoconservative phenomenon.

By proposing a repudiation of the role of the state as a corrective for market failures as well as a shrinkage of the state's welfare responsibilities, the neoconservative approach has turned the machinery of social compromise into an objective of political conflict and has thus led to a dramatic alteration of the balance between public and private spheres. This alteration may be even more accentuated due to massive privatization programs (such as those of Britain and Chile) which, by reprivatizing areas of public concern, gradually consolidate the prevalence of the private sphere at the expense of the public one, signaling ultimately a true reduction of what is considered to be political. In this sense, the emergence of a new conservative project represents a novel historico-political phase in which the very definition of what is political is at stake. As Charles Maier admirably put it, "a redrawing of the boundaries of the political has been accompanied by a changing intensity of what takes place within the perimeters of the political."[50]

The major peace formula of the southern cone, initiated in the 1930s and consolidated in the post-World War II period, was known as "the state of compromise." Its basic features included an increasing development of welfare machinery, the active participation of the state in monitoring the level of economic activity, and the recognition of the right of unions to voice their demands and participate in the policy process. This framework, which was hardly a general characteristic of Latin America as a whole, can be considered the most salient feature of the southern cone. In Argentina it led to various situations of political stalemate that often were resolved through military coups. Yet welfare programs in Argentina, Chile, and Uruguay before the 1970s absorbed 10 percent of the GNP, which was double that of the whole region, equal to Japan, and only surpassed by the western democracies.[51] Moreover, the political capabilities of organized labor grew constantly and almost uninterruptedly up until the 1970s.[52]

These programs served as a tool for two purposes: integration of the urban masses into the political arena and the implementation of the ISI process as a replacement of the model of development based on the export of primary products. As in Europe, different coalitions in the southern cone undertook these policies. Conservatives, populists, and reformists, although in different fashion and degree, fostered them. Even the military of the bureaucratic-authoritarian regimes managed to apply some of these policies, so as to control the popular sector. Although unstable and contradictory, this formula operated until the 1970s. Like the advanced capitalist welfare state, which relied on coalitions of business, labor, and farmers to make the state workable, the state of compromise in the southern cone relied on the coalitions formed thanks to import substitution, that is, domestically oriented business, middle classes, urban workers, and public sector enterprise. When in the 1970s the coalitions were no longer able to accommodate themselves within that framework and a political crisis finally exposed their contradictions, a set of neoconservative policies was the authoritarian response to latent tensions.

The "overload" diagnosis applies to the southern cone case with the same fluidity. Highly mobilized societies demanding an increase in their share of the state's resources as well as an expansion of their right to political participation overwhelmed the state's capacity to respond. Legitimation crisis, fiscal crisis, or ungovernability, whatever the concept, proved the result.[53] It paralleled the political dynamics of the advanced industrial countries with striking similarity. Privatization and deregulation became major policies aimed at restoring political authority and returning the economy to normalcy. For that, a much more

sophisticated technocracy than the one of the bureaucratic-authoritarian period reproduced monetarist policies in Chile and Argentina earlier and more intensively than in, say, Margaret Thatcher's Britain.

Regarding the causes that explain the parallels discussed in this paper, some recurrent elements, present in both advanced and southern cone countries, are in need of analysis. Inflation has played a major role in the unraveling of the preceding arrangement. In the early 1970s the countries of the southern cone had rates of inflation comparable to those of Britain, France, and Italy. The absolute level of inflation is less important than the context in which it takes place. A 24.2 percent inflation rate in the U.K. in 1975 was an explosive in political terms as a 171 percent rate in Argentina. Regarding the comparison of the political impact of economic indicators, contextual phenomena do make a difference.

Britain, an obvious case study for the emergence of neoconservatism, possessed many, if not all, of the problems faced by industrial countries in the 1970s. Its rate of inflation, 12.4 percent, was the highest of all OECD countries during the 1970–79 period, followed closely by Italy with 12.2 percent. Inflation did not go unanswered in the case of the U.K. Union militancy increased dramatically during those years, aggravating the level of class conflict, something that one would also find in Italy. Yet inflation and class conflict in Italy was placated by higher rates of growth that, especially in the 1974–80 period, was double that of Britain. Therefore, in the U.K. in the 1970s, the combination of inflation, modest growth, and class conflict offered a conducive situation for those who were pushing for a shift in policymaking and a reversion of the postwar order.[54] Moreover, in the light of the position of British business in the international economy, its flagging competitiveness over the last twenty years may have also played an important role in this process.[55]

A study of the southern cone would produce findings analogous to those of Britain. High rates of inflation, slow growth (below the region's average), and increasing class antagonisms were the distinctive features of these countries in the early to mid 1970s. The business class was, in turn, seriously threatened from more dynamic, export-oriented regional competitors, such as Brazilian industry, and sectoral cleavages were aggravated precisely because of that poor performance.

Concluding with a Research Agenda

There are competing interpretive frameworks through which to assess the emergence and—in retrospect—consolidation of this radical change in political economy discussed above. One possible approach is to explore the role and power of ideas in economic policymaking.[56] The global spread of ideas is hardly a new phenomenon. In the 1930s, heterodox measures—Keynesian ones among them—were introduced in Latin America to find a way out of the Depression. In parallel fashion, a return to a more orthodox framework began to be disseminated worldwide in the 1970s, and the countries of the southern cone were among the first to implement policies in line with those ideas. An important dimension in such an approach would be to seek the reasons why the southern cone of Latin America adopted such ideas before the major producers of the ideas themselves, namely, the U.S. and the U.K.

Since ideas need carriers, another dimension of the research agenda is to locate the

discussion in the context of coalition-building politics.[57] For this approach, the adoption of economic policies is mainly the consequence of the nature of the coalitional game. As with Keynesianism in the past, the current trend of monetarist policies constitutes an expression, a vehicle of new class coalitions and political compromises that shape the political economy. This explanatory framework would be very useful in accounting for the ways in which, for instance, "people's capitalism," the privatization programs of Chile and Britain in which the number of shareholders is enlarged, is the consequence of new coalitions that came to the surface after a severe process of fragmentation of labor, increasing sectoral tensions within business, and the construction of a new consensus,[58] or, alternatively, whether privatization itself is what produces a shift in the making of political coalitions and social alliances.

A third viewpoint has to concentrate on the role of institutions. In this approach, what crystallizes ideas in policy is to a great extent related to the capacity of state institutions to implement a given policy choice.[59] This perspective would be of great help in inquiring about the reasons for the interruption of the neoconservative program in Argentina and its continuation in Chile. Is it related to the institutional capacity of the Chilean state in insulating itself from societal pressures, while in Argentina state institutions were constantly the booty of sectoral demands? Does the permanent influence of the treasury as the central agency for economic policymaking in the U.K., an institution more apt for dealing with market mechanisms than for steering corporatist bargaining, explain the depth of Margaret Thatcher's program?

This essay has attempted to go beyond the traditional interpretations of the military regimes which have been widely defined in terms of bureaucratic-authoritarianism. Rather, it has been argued that these governments were authoritarian versions of the neoconservative politics that emerged in some advanced industrial countries. Actually, since the structural constraints of the 1970s reached the southern cone with similar (if not higher) intensity, a broader model of response in both regions is also conceivable.

Was Keynesianism not a global phenomenon? Did mass democracy after World War II not develop similar patterns of collective action? Some of the post-1970s responses to these historical arrangements appear to have evolved in similar ways across regions. This approach, in addition to explaining a particular instance, seeks to build a more solid framework for conducting comparative research. The time has come for understanding the way in which certain processes, taking place at the world level though modified by local conditions, share a common logic which deserves thorough investigation.

NOTES

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1. Although the goal of this essay is to address the uniqueness of the military regimes of the southern cone in the 1970s, it should be noted that the Uruguayan military regime was more resistant to the full implementation of monetarist policies. Thus, when necessary, differentiations among the cases will be introduced.

2. For bureaucratic-authoritarianism, see Guillermo O'Donnell, *Modernization and Bureaucratic-Authoritarianism: Studies in South American Politics* (Berkeley: University of California, Institute of International Studies, 1973); "Corporatism and the Question of the State," in James M. Malloy, ed., *Authoritarianism and Corporatism in Latin America* (Pittsburgh: University of Pittsburgh Press, 1977); "Reflections on the Patterns of Change in the

Bureaucratic-Authoritarian State," *Latin American Research Review*, 13 (1978); "Tensions in the Bureaucratic-Authoritarian State and the Questions of Democracy," in David Collier, ed., *The New Authoritarianism in Latin America* (Princeton: Princeton University Press, 1979); "Las Fuerzas Armadas y el Estado Autoritario del Cono Sur de América Latina," in Norbert Lechner, ed., *Estado y Política en América Latina* (Mexico: Siglo XXI, 1981); and *El Estado Burocrático-Autoritario: 1966–1973* (Buenos Aires: Editorial de Belgrano, 1982).

3. See Douglas A. Chalmers, "Interpretive Frameworks in Political Science" (New York: unpublished manuscript, Columbia University, 1986), for a discussion of the way theoretical models (for him "interpretive frameworks") are constructed.

4. For this distinction, see Atilio Borón, "El Fascismo Como Categoría Histórica: En Torno al Problema de las Dictaduras en América Latina," *Revista Mexicana de Sociología*, 39 (1977).

5. O'Donnell, "Reflections," pp. 11–12.

6. Seminal discussions about this issue are Albert Hirschman, *Journeys toward Progress: Studies of Economic Policy-Making in Latin America* (New York: Anchor Books, 1965), and *A Bias For Hope: Essays on Development and Latin America* (New Haven: Yale University Press, 1971); and Carlos Díaz-Alejandro, *Essays on the Economic History of the Argentine Republic* (New Haven: Yale University Press, 1970).

7. It should be noted that the "deepening of BA features" as used by O'Donnell in later works, bears no relation to the "deepening of the economic structure" (vertical industrialization) as its previous usage meant but rather refers to the intensification of the exclusionary and repressive methods of the military regimes of the 1970s vis-à-vis those of the 1960s.

8. O'Donnell, "Corporatism," p. 59.

9. I am indebted to Blanca Heredia who called my attention to this interesting point, which is not part of bureaucratic-authoritarianism's original literature.

10. See, among others, Philippe Schmitter, "Still the Century of Corporatism?," *Review of Politics*, 36 (1974); Malloy, ed., *Authoritarianism and Corporatism*; and Alfred Stepan, *State and Society: Peru in Comparative Perspective* (Princeton: Princeton University Press, 1978).

11. The level of "easiness," as well as the direct association of populism to import substitution, has been a subject of debate. See Albert Hirschman, 'The Turn to Authoritarianism in Latin America and the Search for its Economic Determinants," in Collier, ed.

12. Some studies have argued that bureaucratic-authoritarian regimes did not imply severe reversals of real wages. For Brazil, see John Wells, "Industrial Accumulation and Living Standards in the Long-Run: The Sao Paulo Industrial Working Class, 1930–75," *Journal of Development Studies*, 19 (January 1983); for Argentina, see Guido Di Tella, *Perón-Perón: 1973–1976* (Buenos Aires: Editorial Sudamericana, 1983), statistical appendix. It should be noted, however, that for O'Donnell the level of economic exclusion in bureaucratic-authoritarianism is compared with the populist period, in which case it was certainly higher, especially given the growth of GNP and, as in Brazil, continuous increase in employment levels.

13. About this relationship, see Fernando H. Cardoso, "Associated-Dependent Development: Theoretical and Practical Implications," in Alfred Stepan, ed., *Authoritarian Brazil: Origins, Policies, and Future* (New Haven: Yale University Press, 1973); Peter Evans, *Dependent Development: The Alliance of Multinational, State, and Local Capital in Brazil* (Princeton: Princeton University Press, 1979); and Gabriel Palma, "Dependency: A Formal Theory of Underdevelopment or a Methodology for the Analysis of Concrete Situations of Underdevelopment?," *World Development*, 6 (December 1978).

14. For instance, Karen Remmer and Gilbert Merckx, "Bureaucratic-Authoritarianism Revisited," *Latin American Research Review*, 17 (1982); José Serra, "Three Mistaken Theses Regarding the Connection between Industrialization and Authoritarian Regimes," in Collier, ed.; Ian Roxborough, "Unity and Diversity in Latin American History," *Journal of Latin American Studies*, 16 (1984); William N. Cammack, "The Peripheral State Debate: State Capitalism and Bureaucratic-Authoritarian Regimes in Latin America," *Latin American Research Review*, 19 (1984); and Paul Cammack, "The Political Economy of Contemporary Military Regimes in Latin America: From Bureaucratic Authoritarianism to Restructuring," in Philip O'Brien and Paul Cammack, eds., *Generals in Retreat: The Crisis of Military Rule in Latin America* (Manchester: Manchester University Press, 1985).

15. Guillermo O'Donnell, *Modernization and Bureaucratic-Authoritarianism*, Post-Scriptum (1979), p. 208.

16. For this, see Cammack, "The Political Economy;" Canak, "The Peripheral State Debate;" and Remmer and Merckx, "Bureaucratic-Authoritarianism Revisited."

17. See Markos Mamalakis, "The Theory of Sectoral Clashes," and "The Theory of Sectoral Clashes and Coalitions Revisited," *Latin America Research Review*, 4 (Fall 1969), and 6 (Fall 1971), respectively. For arguments about

sectoral clashes, see Jeff Frieden, "Classes, Sectors, and Foreign Debt in Latin America," *Comparative Politics*, 21 (October 1988). About the impact of neoconservative economic policies on different sectors, see for Chile Pilar Vergara, "Apertura Externa y Desarrollo Industrial en Chile 1974–1978," *Colección Estudios CIEPLAN*, 4 (1980); for Argentina Daniel Aspiazu, Eduardo Basualdo, and Miguel Khavisse, *El Nuevo Poder Económico en la Argentina de los Años Ochenta* (Buenos Aires: Editorial Legasa, 1986), and Eduardo Basualdo, *Deuda Externa y Poder Económico en Argentina* (Buenos Aires: Editorial Nueva América, 1987).

18. Collier, ed., *The New Authoritarianism*.

19. Robert Kaufman, "Industrial Change and Authoritarian Rule in Latin America: A Concrete Review of the Bureaucratic-Authoritarian Model," in Collier, ed.

20. In his contribution to the volume, Albert Hirschman quoted de Tocqueville in saying: "A close tie and a necessary relation exist between these two things: freedom and industry." He then rephrases the idea, making it, in his view, more applicable to Latin America if it read instead: "A close tie and a necessary relation exist between these two things: torture and industry." After the monetarist experiments of the southern cone, might he not rephrase it once more, but now associating torture to "deindustrialization"? See Hirschman, "The Turn to Authoritarianism," pp. 62–63.

21. Serra, "Three Mistaken Theses."

22. John Sheahan, *Patterns of Development in Latin America: Poverty, Repression, and Economic Strategy* (Princeton: Princeton University Press, 1987).

23. See Giovanni Sartori, "Concept Misformation in Comparative Politics," *American Political Science Review*, 64 (December 1970); and "Guidelines for Concept Analysis," in Giovanni Sartori, ed., *Social Science Concepts: A Systematic Analysis* (Beverly Hills: Sage, 1984).

24. In Guillermo O'Donnell, Philippe Schmitter, and Laurence Whitehead, eds., *Transitions from Authoritarian Rule: Latin America* (Baltimore: The Johns Hopkins University Press, 1986), p. 9. In addition to O'Donnell's work and the aforementioned Collier volume, I have also noticed the extension of the bureaucratic-authoritarian category for interpretation of the authoritarian regimes of the southern cone in the 1970s in relatively recent works. See Alfred Stepan, "State Power and the Strength of Civil Society in the Southern Cone of Latin America," in Peter Evans, Dietrich Rueschemeyer, and Theda Skocpol, eds., *Bringing the State Back In* (Cambridge: Cambridge University Press, 1985), and *Rethinking Military Politics: Brazil and the Southern Cone* (Princeton: Princeton University Press, 1988); Samuel Huntington, "Will More Countries Become Democratic?," *Political Science Quarterly*, 99 (Summer 1985); Jonathan Hartlyn and Samuel Morley, *Latin American Political Economy: Financial Crisis and Political Change* (Boulder: Westview Press, 1986). None of the works that emphasize the neoconservative dimension of authoritarian regimes, however, takes notice of the theoretical ambiguity of reconciling it with the bureaucratic-authoritarian model. Some of them even cited bureaucratic-authoritarian literature when referring to "neoconservative" regimes. See, for instance, Andrés Fontana, "Armed Forces and Neoconservative Ideology: State Shrinking in Argentina, 1976–1981," in William Glade, ed., *State Shrinking: A Comparative Inquiry into Privatization* (Austin: Institute of Latin American Studies, University of Texas at Austin, 1986); Manuel A. Garretón, *Proceso Político Chileno* (Santiago: FLACSO, 1984); Norbert Lechner, "El Proyecto Neoconservador y la Democracia," *Crítica y Utopía*, (March 1982); Alejandro Foxley, *Latin American Experiments in Neoconservative Economics* (Berkeley: University of California Press, 1983); and Joseph Ramos, *Neoconservative Economics in the Southern Cone of Latin America, 1973–1983* (Baltimore: The Johns Hopkins University Press, 1986).

25. Data extracted from Ramos, *Neoconservative Economics*. About commercial bankruptcies, see René Cortazar, Alejandro Foxley, and Víctor Tokman, *Legados del Monetarismo: Argentina y Chile* (Buenos Aires: Solar, 1984).

26. Unless otherwise noted, the data used in this section was extracted from UN ECLA, *Statistical Yearbook for Latin America* (New York: United Nations, 1964 to 1983); and James W. Wilkie, ed., *Statistical Abstract of Latin America*, vols. 19–26 (Los Angeles: University of California, Los Angeles, Latin American Center).

27. Data extracted from UN International Labour Office, *Yearbook of Labour Statistics* (Geneva: ILO, 1983).

28. About trade liberalization, for Argentina see Adolfo Canitrot, "Teoría y Práctica del Liberalismo: Política Antiinflacionaria y Apertura Económica en la Argentina, 1976–1981," *Desarrollo Económico*, 82 (1982); for Chile, Ricardo Ffrench-Davis, "Monetarismo y Recesión: Elementos Para una Estrategia Externa," *Pensamiento Iberoamericano: Revista de Economía Política*, (July–December 1983); and for Uruguay, Alejandro Végh-Villegas, *Economía Política: Teoría y Acción* (Montevideo: Ediciones Polo, 1977).

29. About the emergence of new economic conglomerates, see Basualdo, *Deuda Externa;* and Aspiazu, Basualdo, and Khavisse, *El Nuevo Poder Económico*. For Chile, two good studies are Fernando Dahse, *Mapa de la Extrema Riqueza* (Santiago: Editorial Aconcagua, 1979); and Patricio Rozas and Gustavo Marín, *1988: El Mapa de la Extrema*

Riqueza Diez Años Después (Santiago: Ediciones Chile-América CESOC, 1989). It should be noted that this last work pays closer attention to the specific role of transnational capital.

30. For ECLA see Raúl Prebisch's "manifesto," *Economic Development of Latin America and Its Main Problems* (New York: UN ECLA, 1950). See also Kathryn Sikkink, *Developmentalism: Ideas and Economic Policy-Making in Brazil and Argentina, 1955–1962* (Ph.D. diss., Columbia University, 1988); and Palma, "Dependency."

31. For a detailed account of this issue in Chile, see Arturo Fontaine Aldunate, *Los Economistas y el Presidente Pinochet* (Santiago: Zig-Zag, 1988). See also Foxley, *Latin American Experiments*, ch. 4, for an analysis of the participation of Virginia public choice theorists in the formulation of ideology in Chile. For an argument about the concrete influence of monetarist theories on policymaking, see Roberto Frenkel and Guillermo O'Donnell, "Los Programas de Estabilización Convenidos con el FMI y sus Impactos Internos," *Estudios CEDES,* 1 (1978).

32. For the debate between monetarists and structuralists and the role of these competing ideas in economic policymaking in Latin America, see Alejandro Foxley, "Stabilization Policies and Their Effects on Employment and Income Distribution: A Latin American Perspective," in William R. Cline and Sidney Wintraub, *Economic Stabilization in Developing Countries* (Washington, D.C.: The Brookings Institution, 1981); and Albert Hirschman, "Reflection on the Latin American Experience," in Charles Maier and Leon Lindbergh, eds., *The Politics of Inflation and Economic Stagnation: Theoretical Approaches and International Case Studies* (Washington, D.C.: The Brookings Institution, 1985). See also *Colección Estudios CIEPLAN*, 23 (March 1988), entitled "Neostructuralismo, Neomonetarismo y Procesos de Ajuste en América Latina."

33. For restructuring, see Cammack; William Smith, "Reflections on the Political Economy of Authoritarian Rule and Capitalist Reorganization in Contemporary Argentina," in Cammack and O'Brien, eds.; Alain Rouquié and Ricardo Sidicaro, "Etats autoritaires et libéralisme économique en Amérique Latine: Une approche hétérodoxe," *Revue Tiers Monde*, 24 (January–March 1983); Ricardo Sidicaro, "Huit propositions sur les régimes autoritaires d'Argentine, du Chili, d'Uruguay," *L'Homme et la Société,* 69–70 (July–December 1983); and Pilar Vergara, "Transformaciones en las Funciones del Estado bajo el Régimen Militar," *Colección Estudios CIEPLAN*, 5 (1981).

34. Adolfo Canitrot, "La Disciplina Como Objetivo de la Política Económica: Un Ensayo Sobre el Programa Económico del Gobierno Argentino Desde 1976," *Estudios CEDES,* 11 (1978).

35. Manual A. Garretón, *Proceso Político Chileno* (Santiago: FLACSO, 1984); Tomás Moulián and Pilar Vergara, "Estado, Ideología y Políticas Económicas en Chile: 1973–1978," *Colección Estudios CIEPLAN,* 3 (1980).

36. See Aldunate, *Los Economistas y el Presidente Pinochet.*

37. To my knowledge, there is no significant work in the literature about the actual political role of business in this process. Although it is a commonplace to state that in the southern cone in the 1970s sectoral clashes worsened dramatically, especially between domestic market-oriented and internationalized segments, research about this issue is still lacking. This point was mentioned to me by Oscar Muñoz of CIEPLAN, who is conducting current research on business. See is "El Estado y los Empresarios: Experiencias Comparadas y sus Implicancias Para Chile," *Colección Estudios CIEPLAN,* 25 (1988). See also Moulián and Vergara, "Estado, Ideologías, y Políticas Económicas en Chile," for whom, rather than any group's subjective intention, the adoption of those policies is better explained by structural and ideological compatibilities between the economic team and important sectors of business.

38. David Pion-Berlin, "The Fall of Military Rule in Argentina: 1976–1983," *Journal of Interamerican Studies and World Affairs* (Summer 1985).

39. John Ruggie, "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order," *International Organization,* 36 (Spring 1982).

40. Robert Skidelski, "The Decline of Keynesian Politics," in Colin Crouch, ed., *State and Economy in Contemporary Capitalism* (London: Croom Helm, 1979). See also Albert Hirschman, "How the Keynesian Revolution Was Exported from the United States and Other Comments," in Peter Hall, ed., *The Political Power of Economic Ideas: Keynesianism across Nations* (Princeton: Princeton University Press, 1989).

41. T. H. Marshall, *Class, Citizenship, and Social Development* (New York: Doubleday Anchor, 1965).

42. Adam Przeworski, "Social Democracy as a Historical Phenomenon," in *Capitalism and Democracy* (Cambridge: Cambridge University Press, 1985); and Claus Offe, "Competitive Party Democracy and the Keynesian Welfare State," in *Contradictions of the Welfare State* (Cambridge, Mass.: MIT Press, 1984). About wage restraint, see, for instance, Leo Panitch, "The Development of Corporatism in Liberal Democracies," in Philippe Schmitter and Gerhard Lehmbruch, eds., *Trends toward Corporatist Intermediation* (Beverly Hills: Sage, 1979); and Marino Regini, "The Conditions for Political Exchange: How Concentration Emerged and Collapsed in Italy and Great Britain," in John Goldthorpe, ed., *Order and Conflict in Contemporary Capitalism* (New York: Oxford University Press, 1984).

43. John Maynard Keynes, *Essays in Persuasion* (London: 1952).

44. One work, *Towards Full Employment and Price Stability* (Paris: OECD, 1978), known as the McCracken Report, highlights the economic decline and the consequent expressions of discontent by combining the rate of inflation with the rate of unemployment in seven OECD countries. This "discomfort index" rose from 5.5 percent in 1959–69 to 17 percent in 1974–75.

45. Charles Maier, "Inflation and Stagnation as Politics and History," in Charles Maier and Leon Lindberg, eds., *The Politics of Inflation and Economic Stagnation: Theoretical Approaches and International Case Studies* (Washington, D.C.: The Brookings Institution, 1985). See also Fred Hirsch and John Goldthorpe, eds., *The Political Economy of Inflation* (Cambridge, Mass.: Harvard University Press, 1979).

46. See Robert Keohane, "The World Political Economy and the Crisis of Embedded Liberalism," in Goldthorpe, ed., *Order and Conflict.*

47. See John H. Goldthorpe, "Problems of Political Economy after the Postwar Period," in Charles Maier, ed., *Changing Boundaries of the Political: Essays on the Evolving Balance between the State and Society, Public and Private in Europe* (Cambridge: Cambridge University Press, 1987); and "The End of Convergence: Corporatist and Dualist Tendencies in Modern Western Societies," in Goldthorpe, ed., *Order and Conflict.*

48. Important exponents of the new laissez-faire are Friedrich A. Hayek, *Road to Serfdom* (London: Routledge & Kegan Paul, 1971, originally 1944), and *The Constitution of Liberty* (Chicago: Routledge, 1960); Milton Friedman, *Capitalism and Freedom* (Chicago: University of Chicago Press, 1962); and Samuel Brittan, *Capitalism and the Permissive Society* (London: Macmillan, 1973).

49. The most influential work is Michel Crozier, Samuel Huntington, and Joji Watanuki, *The Crisis of Democracy* (New York: New York University Press, 1975). Interestingly enough, since it suggests strong links between the two perspectives, Robert Skidelski has noted that Hayek started to argue about overload of state capacities already in the 1930s. See Skidelski, *The End of Keynesian Era.*

50. Maier, *Changing Boundaries of the Political,* introduction.

51. Carmelo Mesa-Lago, ed., *The Crisis of Social Security and Health Care: Latin American Experiences and Lessons* (Pittsburgh: University of Pittsburgh, Latin American Document Series, 1985).

52. See David and Ruth Collier, *Shaping the Political Arena: Critical Junctures, the Labor Movement, and Regime Dynamics in Latin America* (Princeton: Princeton University Press, forthcoming).

53. Jürgen Habermas has accounted for the increasing difficulties of postwar capitalist states to cope with social and political demands, thus producing a virtual structural deficit of legitimacy. See Jürgen Habermas, *Legitimation Crisis* (Boston: Beacon Press, 1975). In the same vein, James O'Connor, *The Fiscal Crisis of the State* (New York: St. Martin's Press, 1973), argues that capitalist states face a perpetual fiscal crisis because of the rapid growth of social expenditures (legitimation costs) relative to revenues. From different theoretical standpoints, they ultimately share the neoconservative assessment.

54. See Stuart Hall and Martin Jacques, eds., *The Politics of Thatcherism* (London: Lawrence and Wishart, 1983); Joel Krieger, *Reagan, Thatcher, and the Politics of Decline* (New York: Oxford University Press, 1986); Andrew Gamble, *The Free Economy and the Strong State: The Politics of Thatcherism* (London: Macmillan, 1988); Denis Kavanagh, *Thatcherism and British Politics* (Oxford: Oxford University Press, 1987).

55. See Colin Leys, "Thatcherism and British Manufacturing," *New Left Review,* 151 (May–June 1983).

56. See Hall, ed., *The Political Power of Economic Ideas.*

57. For this perspective, see Peter Gourevitch, *Politics in Hard Times: Comparative Responses to International Economic Crises* (Ithaca: Cornell University Press, 1986).

58. For privatization, see G. John Ikenberry, "The International Spread of Privatization Policies: Inducements, Learning, and 'Policy Bandwagoning,' " Ezra N. Suleiman, "The Politics of Privatization in Britain and France," Paul Sigmund, "Chile: Privatization, Reprivatization, Hyperprivatization," all in Ezra N. Suleiman and John Waterbury, eds., *The Political Economy of Public Sector Reform and Privatization* (Princeton: Princeton University Press, forthcoming). See also Glade, ed., *State Shrinking,* esp. Jorge Marshall, "Economic Privatization: Lessons from the Chilean Experience;" John Kay, Colin Mayer, and David Thompson, *Privatisation and Regulation: The U.K. Experience* (New York: Oxford University Press, 1986). For a detailed study of Chile, see Mario Marcel, "La Privatización de Empresas Públicas en Chile, 1985–88," *Notas Técnicas CIEPLAN,* 125 (January 1989).

59. For this perspective, see Peter Hall, *Governing the Economy: The Politics of State Intervention in Britain and France* (London: Polity Press, 1986). See also Margaret Weir and Theda Skocpol, "State Structures and the Possibilities for Keynesian Responses to the Great Depression in Sweden, Britain, and the United States," and Peter Evans and Dietrich Rueschemeyer, "The State and Economic Transformation: Toward an Analysis of the Conditions Underlying Effective Intervention," both in Evans, Rueschemeyer, and Skocpol, eds., *Bringing the State Back In.*